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## DESIGNING ADULT LEARNING STRATEGIES – THE CASE OF SOUTH EASTERN EUROPE

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*Ján Figel'  
European Commissioner for  
Education, Training, Culture and  
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# TABLE OF CONTENTS

<b>FOREWORD</b>	<b>5</b>
<b>PREFACE</b>	<b>7</b>
<b>EXECUTIVE SUMMARY</b>	<b>9</b>
<b>INTRODUCTION</b>	<b>15</b>
<b>1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE</b>	<b>19</b>
<b>2. TRANSFORMING ADULT LEARNING – THE EXPERIENCE OF HUNGARY, A NEW EU MEMBER STATE</b>	<b>33</b>
<b>3. ADULT LEARNING STRATEGY DOCUMENTS IN SOUTH EASTERN EUROPE</b>	<b>41</b>
<b>4. CORE ISSUES AND PRINCIPLES IN DEVELOPING COHERENT, COMPREHENSIVE ADULT LEARNING STRATEGIES</b>	<b>53</b>
<b>5. THE STRATEGY</b>	<b>65</b>
<b>6. THE LEARNING INFRASTRUCTURE</b>	<b>75</b>
<b>7. FINANCING MECHANISMS AND INCENTIVES IN ADULT LEARNING</b>	<b>89</b>
<b>8. CONCLUSION: ISSUES AND WAYS OF TRANSFORMING ADULT LEARNING</b>	<b>101</b>
<b>ANNEXES</b>	<b>107</b>
<b>ABBREVIATIONS AND ACRONYMS</b>	<b>111</b>
<b>BIBLIOGRAPHY</b>	<b>113</b>



## FOREWORD

The importance of lifelong learning is generally well understood and few people today would query the need for adults to regularly update their skills in line with labour market needs, and for governments and social partners to provide an environment that supports skills acquisition and updating.

However, it is clear when we look at data from the EU Member States that a great deal of lifelong learning takes place within the context of employment: it can be delivered, financed and outsourced by employers, making it directly related to the needs of the workplace. We see that access to such learning opportunities is not evenly spread across the working population. They are more likely to occur in larger companies and to be targeted at the better educated staff in middle-ranking posts. What does this imply for lifelong learning in the countries of South Eastern Europe? These countries suffer from high unemployment and low economic activity rates, so very large numbers of the active population are immediately barred from workplace learning. Moreover, those who

are working are most likely to be doing so in the informal sector or in small or micro-enterprises.

The purpose of this publication is to look at how lifelong learning strategies can be developed in such an environment, using recent data gathered from South Eastern Europe, and to provide guidance to those countries and others operating in a similar context. It emphasises the need for more attention to be paid to workplace learning and to exploit the potential of enterprises as providers of lifelong learning.

*Muriel Dunbar, Director,  
European Training Foundation*



Photo: ETF





## PREFACE

Adult learning is an area that has so far been neglected in education and training reforms in South Eastern European countries and territories but which is beginning to emerge as an important policy area. This publication aims to contribute to national policy debate and development in adult learning. It sets the development of adult learning strategies in the context of transition, the need to adapt to the demand for new kinds of skills in the open market and to ensure that people who are out of work and young people starting to work have the employability skills to compete in the labour market. It also takes account of the skills needed by people dislocated by the war which accompanied the break-up of the former Republic of Yugoslavia and the need for new competences to build trust and reconcile divided communities. It provides a synthesis of the adult learning strategies developed by local teams in Croatia, Kosovo, the former Yugoslav Republic of Macedonia, Montenegro and Serbia<sup>1</sup> under the ETF's adult learning development project. It takes account of the countries' stocktaking reports and the debate and discussions with representatives from the region in regional workshops and seminars that provided a forum for the exchange of country intelligence. The report draws on ETF country documents, and reviews and international literature on adult learning as well as the first national adult learning strategy documents. It makes use of examples of good practice from the European Union and South Eastern Europe, taking into account the recent experience of Hungary.

The core problems that are barriers to developing adult learning in the region and the principles on which comprehensive adult learning strategies need to be built are considered. Moreover, the authors investigate the importance of creating a positive environment that encourages collective effort in the countries with a view to developing and funding adult learning, increasing participation across the board, and involving vulnerable populations. They also consider gaps or weaknesses in the adult learning infrastructure and make concrete proposals as to how these might be addressed over the next decade.

The scope of adult learning spans all formal, non-formal and informal learning undertaken by adults to 'improve knowledge, skills and competences' (European Commission, 2001, p. 9) for the purposes of work, employment, personal interest and social activity. The main focus in this report however, is on the skills that people need to be able to adapt and remain employable in the open market and the employability skills that help people to move out of unemployment and marginal employment. Notwithstanding the intrinsic value of all learning, the authors believe that the first priority for governments, in the context of transition and scarce financial resources, is to concentrate on the competences that support competitiveness, employment and economic growth and, hence skills that empower people to enter into gainful employment or self-employment, to remain employable and to move out of poverty and social exclusion. The focus is therefore on learning related to employment, which is underpinned by the European employment objectives.

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<sup>1</sup> For the purpose of this publication we will refer to these countries as South Eastern European countries or South Eastern Europe as a region.

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*Evelyn Viertel, ETF,  
November 2006*

## EXECUTIVE SUMMARY

The quality of human and social capital is a key determinant of future economic growth, wealth creation and social progress in any country. If no action is taken to raise overall skill levels in the transition countries and territories in question, this is likely to be a major constraint on productivity and competitiveness, but also on efforts to reduce poverty. While it is self-evident that improving skills across the board will not on its own solve chronic unemployment or reverse economic decline, investment in people's skills is a central part of integrated measures to tackle these problems.

The overall objectives of an adult learning strategy are to improve the competitiveness of the economy and the labour force by raising the average skill level of the workforce and making people more adaptable and able to accept and cope with change, as well as to promote the social aims of equity and participation. These are general lifelong learning aims that relate to initial education and training and adult learning. They are also in line with the general objectives of the EU's economic and lifelong learning strategies.

In order to achieve these objectives and help overcome the difficulties in adult learning in South Eastern Europe, strategies will need to be based on a number of principles of good governance. These principles include a clear policy lead from government in adult learning; the sharing of responsibilities for policy and strategy formulation, action planning and implementation with the social partners and other stakeholders; the adjustment of provision in terms of learning offers, modes and settings to suit learners' needs; a shift in balance to support employee development; and a rational financing system that achieves a balance between efficiency and equality objectives.

Implementing adult learning strategies, creating diverse learning opportunities for all and raising participation hinge on whether governments and stakeholders play their full part in promoting a learning culture and increasing the value of learning for enterprises and individuals. Government and employers must visibly and concretely signal the importance of learning for economic competitiveness and individual employability.

The government needs to take the lead in developing and finding the resources for adult learning in consultation with key partners. This means that all the relevant ministries have to contribute, within their areas of responsibility, to the formulation of the strategy and its implementation, which is a long-term commitment. Determining ministerial responsibilities and departmental budget commitments to adult learning, having a shared vision, agreeing priorities and adopting an integrated approach are complex matters, but they are necessary for the coherent and comprehensive development of adult learning, the optimal use of public and private resources and mutually reinforcing actions.

An important catalyst for partnership working is the shift in governance away from central control to frameworks that empower stakeholders. New coordinating structures at national and regional levels are needed. The membership of a future national council for adult learning would need to reflect the range of interests and involve all the relevant ministries, the social partners, the employment service and the (macro) regions, if relevant. Such a council could act as a useful sounding board for providing informed opinion and advice to the government on strategy proposals and

## DESIGNING ADULT LEARNING STRATEGIES

action plans, and supporting their implementation. The immediate task of this partnership could be to define the adult learning strategy, the priorities in line with government guidelines and the responsibility for delivery. The council could oversee the drafting and monitoring of National Employment Action Plans in line with the European Employment Strategy; provide general supervision of infrastructure and support structures; ensure the overall planning and monitoring of national, EU and other donor interventions in partnership with the institutions in charge, as well as supervise lower-level partnerships.

Below national level, regional partnerships are important in bringing the planning and delivery of adult learning closer to where people live and work and ensuring that provision meets labour market needs more effectively. These partnerships could identify the main learning needs of their areas through labour market assessments; assess the supply of learning opportunities and how provision might be developed; coordinate research and survey work; ensure the quality of learning offers within the region; assist the employment service in its provisions for unemployed people; and possibly allocate government and donor funding within the region.

Effective partnerships rely on consultation and open dialogue. They work best when there is legitimacy, mutual respect, a shared vision and common goals, and when partners have a genuine desire to work together. In order to establish and run successful partnerships, South Eastern European countries require substantial capacity-building and support.

The strategic objectives of an adult learning strategy are achieved through a series of specific measures, each of which needs its own action plan, budget and implementation timetable. The measures must be realistic, achievable, measurable and time-bound and they must be broken down to cover the short, medium and longer term.

Key measures to implement the adult learning strategy include the improvement

of basic skills among low-skilled adults and overall support to the acquisition of skills relevant for the market economy.

Responsibility for the allocation of resources and the development of appropriate measures to address the basic skills problem in South Eastern Europe clearly lies with government. Improving basic skills and key competences is likely to be successful when learning is meaningful and relates to people's prior knowledge and competence, and when occupational skills are integrated into the curriculum. Investment would need to be made in teacher training and in developing adult-friendly learning environments and processes. Whilst ministries may prefer to work through formal public institutions, there are advantages to opening up training to a wider range of providers and consortia following a competitive bidding procedure. NGOs are closer to hard-to-reach populations. Partners need to work together to develop local services and adjust provision to meet the scale and pattern of demand. Employers can make a valuable contribution by providing information on the key competences that are likely to increase prospects for employment and, perhaps, by offering work placements. The partnership would need to monitor and evaluate the effectiveness of local skills provision.

The approach that employers should be responsible for training their own employees has not been entirely successful in ensuring a sufficient level of company training. In many EU Member States, governments have intervened to try to achieve a more efficient solution. Where financial considerations prevent companies from offering training, the case for providing targeted financial incentives can be made. It may be possible, for example, to provide free or subsidised assessments of training needs or of the existing stock of skills of small and medium-sized enterprises, or to fund training for workers under threat of redundancy in enterprises facing restructuring. Joint funding arrangements between employers and the employment service are also useful, for example in apprenticeship schemes. A number of EU countries have

experimented with levy schemes. Financial incentives for individuals to undertake training also boost participation, although they may be difficult to administer and may not reach low-skilled people without appropriate targeting built into the framework conditions of programmes and the selection of beneficiaries.

Ensuring that the managers of leading companies are well trained and competent will lead to better business performance and higher overall training levels. Governments and their partners from the private sector can promote this by introducing high standards in business and management training, and by assisting intermediary bodies and providers that support management development. Formal management training courses should be assessed to ensure that what they offer is in line with best practice in other more developed economies. In order to increase the transfer of management training expertise, existing links between institutions in different countries could be expanded. Centres for management training could be established to bring together existing providers, to develop their provision to suit new and established companies and to meet the needs of different regional and local economic profiles. A key aspect of successful management training is flexibility and the diversity of provision and quality.

A thorough understanding of a company's market position and how it could be improved is the basis of a company's business strategy and for identifying the contribution that employees can make by upgrading their skills and competence. Further capacity-building is necessary for the design of human resource development (HRD) strategies and the creation of learning systems.

Networks of companies involved and interested in management training could be established at an appropriate level. This action is likely to be taken forward by the economic and crafts chambers or other employers' associations and larger enterprises which might act as mentors for other companies, and in particular for small businesses. Managers would benefit from

a better use of the power of trade associations, entrepreneurs' networks, standard-setting agencies, quality centres and technology networks.

Clusters in particular have the potential to enhance access to information, services, technology and specialised skills. Special programmes for managers could help them to overcome any hesitation they may have in forming and supporting the development of clusters, which are geographically focused groups of related businesses and institutions. They typically include buyers and suppliers, distributors, related service firms, training organisations or others. Specialised courses could be delivered locally to train people on cluster support technology, the economic and regulatory environment and aspects related to human resource development. Some people could develop as experts in certain clusters. Small laboratories placed within a cluster could be funded and would provide local solutions to local problems. An important area of support within clusters could be the use of information and communication technologies and the development of related e-skills.

Governments, the social partners and intermediary organisations could complement the above mentioned efforts by carrying out campaigns to raise awareness among managers about the benefits of training and by reducing regulatory or administrative burdens affecting entrepreneurial activity and training.

The adult learning strategy must make the best use of all adult learning providers. There is currently little information on their numbers and types in each country and territory, or on the quality of their provision. Once this information is available it should be possible to identify serious gaps in provision at different levels and in different areas, and for the regional or local partnership to encourage networking and links between providers and users. Key priorities for providers include training the trainers to ensure that learning is based on up-to-date teaching practice and updating its content to meet new labour market needs.

## DESIGNING ADULT LEARNING STRATEGIES

Adult learning represents a demanding and complex challenge for teachers and trainers of adults. Adult learners need to have choices and be able to influence which courses or programmes they follow. Teachers and learners both share responsibility. Adult learning supply has to be open and expanded to provide a wide range of learning offers, in diverse settings, using appropriate methodologies. It also has to make learning attractive, interesting and meaningful for adults. The environment, organisation and content of learning are important. Many adults learn best when learning conditions and relations between teachers and learners are warm and tolerant. Learners welcome a participant-centred approach. When the content of learning is based on real life or work issues related to the learners, this helps people make connections between prior knowledge and experience and new learning. Meaningful indicators of the quality of adult learning provision include: allowing adult participants to choose courses and course content; the availability of a wide variety of adult learning opportunities; a favourable learning environment and course content based on real issues; and, the existence of a system for the continuing training of adult teachers and trainers.

It is important that stakeholders in the learning system have confidence in its operations. Individuals want to know that what they have learnt is recognised, is of high quality and of benefit to them. Employers want to know, when recruiting people, that their qualifications meet recognised national standards. It is therefore recommended that frameworks for national qualifications are developed. Assessing an individual's prior learning and experience is another aspect of accreditation that helps to improve access to learning and shape learning by providing a demonstrable base on which further learning can be built.

In addition, anyone undertaking formal learning will want to know whether the provider is efficient and effective in what it is supplying. Countries may have a system of accreditation or certification of providers, using national guidelines and possibly

regional administration to reduce and shorten bureaucratic procedures. Accreditation systems need to ensure that private providers are financially sound, that they are not making exaggerated claims in their publicity literature, and that their pedagogy and teaching are appropriate.

With regard to monitoring and evaluation, at the national level there needs to be a mechanism for regularly reviewing the progress of the adult learning strategy as a whole. This would cover both the process – for example, national and regional partnerships – and the outputs. The latter would, for example, include tracking how many people are trained in particular skills, whether they gained a qualification (if applicable) and whether those whose training was intended to get them into work have in fact got jobs. This will help to establish whether publicly funded adult learning programmes are meeting their objectives and giving good value for money. In order for evaluation to have credibility it needs to be undertaken by an independent professional body.

As education and employment options have become more volatile, less secure and less transparent, people potentially need more support in finding their way through the education system and into the labour market. The importance of career guidance and its contribution to policy goals in lifelong learning, labour market efficiency and social inclusion is widely acknowledged in the EU. Guidance also includes the development of an individual's career management skills through any form of education, including adult learning. What is needed in South Eastern Europe, where respective schemes are underdeveloped, is a policy and legislative framework for the provision of high-quality lifelong guidance provision for all citizens, including adults. The framework would need to specify the roles, responsibilities and mechanisms for cooperation between public education and labour market authorities at national, regional and local levels; the infrastructure and information used; the standards of guidance delivery and the qualifications of guidance experts; and the mechanisms for including other key stakeholders, such as social partners, guidance agencies, parent,

young people and consumer associations, and guidance practitioners in policy and systems development.

There is a need in the short term to develop a strategy for data collection for adult learning, labour market intelligence and future skills forecasting. The aims of the strategy would be to increase the quality and number of relevant datasets, to fill gaps and systematise mechanisms for collecting data, and to develop capacity to analyse trends and forecast future needs. Public and private training providers including NGOs could provide participation data at the time of enrolment. Companies could include training data in their annual business reports.

In drawing up financing strategies, countries and territories must pursue two main objectives. The first is to ensure an adequate level of investment in adult learning, which means increasing the aggregate finance level from all sources. Incentives are needed to encourage (co)investment in learning by companies and individuals. The second aim is to ensure an equitable distribution of adult learning, which is currently biased in favour of the more advantaged members of society and larger enterprises or certain sectors. Unless societies can increase the lifelong learning participation of groups who are currently excluded or underrepresented, there is a risk of widening existing social divides. Finance is one of the crucial policy levers for balancing efficiency and equity gains, but information is essential for underpinning this balance.

The lack of adequate resources hinders the development of adult learning. In most countries expenditure on education and training is seen as a cost by individuals and employers rather than an investment for the future. The fact that value-added tax is imposed on course fees gives the wrong signal when the focus should be on encouraging people to learn. Some incentives, such as the voucher system in Serbia, can be attractive for individuals. Others, such as introducing tax incentives to encourage companies and/or individuals to invest in training, could work in some

countries, but are not an option for countries where tax collection systems are weak. Creative solutions can be found to encourage companies and individuals to participate more widely in education and training. This report lists a number of incentives and financing mechanisms available to companies or individuals that exist in other countries. Donor or other funds are likely to be available in all countries and territories: these could be pooled or redistributed to adult learning. However, South Eastern European countries need to prioritise the population groups and economic sectors that should be targeted by national programmes.

Steps that could be taken in the short term to build consensus and provide a basis for developing a comprehensive adult learning strategy and its subsequent implementation include an agreement within government of:

- a timetable for increased resources to be spent on education and learning, specifying the share to be allocated to adult learning;
- the establishment of a 'learning partnership', bringing together relevant ministries and the various stakeholders with a view to considering the priority areas for action and funding in adult learning;
- strengthening the policy capacity of the lead ministry and other relevant ministries to develop a comprehensive strategy for adult learning in consultation with key stakeholders; and,
- the development of partnerships at and below national level (e.g. allocation of funds, definition of functions, membership, objectives) and capacity-building for ministries, social partners and other stakeholders to enable them to engage in effective partnerships, using international experience and donor or expert assistance.

The scarcity of resources across South Eastern Europe warrants concentration on a few priority actions. These could include a policy and action plan (i) for the development of work-based learning, particularly management and

## DESIGNING ADULT LEARNING STRATEGIES

entrepreneurship training for small businesses, as well as the development of special programmes to address particular skills shortages, where there is robust evidence of demand and where the training cannot be met by employers; (ii) to improve

basic literacy and occupational skills including key competences; and (iii) to expand and develop active labour market measures for the registered unemployed and inactive people seeking work.



## INTRODUCTION

Over the past decade the countries and territories of South Eastern Europe have faced, and continue to face, unprecedented changes in the political, economic and social spheres. Transition has had a major impact on the skills that enterprises need in order to maintain and improve competitiveness and, in particular, the skills needed by small and medium-sized businesses. With economic transition and privatisation, former state or socially owned industries in South Eastern Europe have closed or restructured, or are in the process of doing so. This has led to high unemployment, in particular long-term unemployment. Despite the efforts of these countries to strengthen their economies, economic growth is slow and job growth minimal. Poverty and social exclusion have increased and the social and economic divide between people with relevant skills for the market and those with obsolete or low skills continues to widen.

Countries and territories that emerged from the break-up of the former Republic of Yugoslavia have also had to come to terms with the aftermath of a war that left communities and economies in disarray.

Community divisions and ethnic tensions need to be addressed alongside economic restructuring. This in turn requires people with advocacy skills and the ability to reconcile different communities.

Major sectoral restructuring and diversification, the changing shares of employment in agriculture, manufacturing and the service sector, and changes in job content have increased the demand for different occupational skills. Set against these changes is the evolving impact of the global knowledge economy and pressure to raise the quality and level of skills. The spread of higher technology and information and communication technology (ICT) has increased pressure on workers to upgrade their competences to remain employable. Key competences (see Section 2.1 below) are increasingly important for employment and self-employment. Despite these general trends, the actual demand for skills in local labour markets may not yet reflect such skill shifts, because transition is ongoing and economic growth is slow. In closed labour markets characterised by low technology, the demand for skilled labour is

low and enterprises have, as a rule, no difficulty in recruiting staff. Closed labour markets cannot absorb large numbers of highly skilled workers, and many people migrate to find employment abroad. Although migration provides people with opportunities for employment, experience and work skills, the downside is that it also reduces the supply of skills needed when economies start to grow.

The challenge for transition economies is to address skill mismatches and skill shortages. The difficulties are compounded by the varying pace of economic, technological and social change, by the uncertainty of future economic development making the identification of specific training needs difficult, and by the scale of skill deficits. Enterprises under most pressure need to adopt appropriate short-term measures for human resources development (HRD). They also need to be forward-looking and to put in place measures that anticipate future skill needs. In practice, this means adopting a range of measures and a systematic process for strategic human resources planning that is linked to business development.

Responsibility for developing competences is shared between enterprises, government and individuals. Governments and employers have a common interest in economic growth, wealth creation and social progress. These will be hard to realise without an appropriately skilled and flexible workforce able to adapt effectively to technological progress, new production methods, organisational change and total quality management processes. Individuals, too, need to take responsibility for developing their skills both for career progression and to remain employable in more turbulent labour markets. Continuous investment in skills throughout life is much more important today and requires an injection of substantial new financial resources from enterprises, individuals and governments.

Many institutions, enterprises and individuals are ill-prepared for the complexity and depth of the changes which are fundamentally transforming work and social life. In order to respond effectively to

permanent change, OECD countries and EU Member States are now placing much more importance on lifelong learning which emerged as a key policy issue towards the end of the 1990s as a strategic response to globalisation, the knowledge economy, continuous market and technological change, growing unemployment and rising social exclusion. In 2000, the Feira European Council asked European Union Member States and their partners to develop 'coherent strategies and practical measures with a view to fostering lifelong learning for all'. Governments have put in place and are adjusting policies and institutional arrangements to ensure lifelong access to opportunities for acquiring the knowledge and competences essential for economic, social and personal development.

In South Eastern Europe it is the impact of transition that is the driving force for developing adult learning. There is a need to adapt to the competitive open market of the workforce, including those employed, those marginally employed in the informal economy and the unemployed – whether registered or not. This means a widespread need for new or higher occupational or technical skills together with new key competences and higher basic foundation skills across economic sectors and for people with different educational and skill levels. In particular, there is a need to ensure that people who have been forced out of the labour market or young people who have not succeeded in finding employment have relevant employability skills.

There have been many developments in training opportunities for adults in South Eastern Europe in the past few years, primarily initiated by donors. Substantial donor funding and technical assistance have, for instance, been put into the development of active labour market measures, the reform of vocational curricula and schools, retraining programmes, specific training programmes for disadvantaged groups and for small and medium-sized enterprises, and retraining as part of wider local economic regeneration projects. However, adult learning initiatives have for the most part

taken place in a policy vacuum. They have often been ad hoc and have not been followed up once donor projects have come to an end.

The analyses carried out show that, for the most part, the former adult learning infrastructure in South Eastern Europe has declined over the past decade and in some cases has collapsed altogether, rather than being a strategic lever for economic and social progress. The strategies drawn up in the framework of the ETF's project testify to the fact that the countries and territories in South Eastern Europe are now beginning to give a higher policy priority to adult learning, although the full impact of this policy change has yet to be realised. This report is designed to increase the attention of policymakers, their partners and experts to the need for a coherent policy framework that connects up the different strands of economic, labour market, education and social policies and shows the strategic place of investment in skills and adult learning within it. The report also illustrates the need for a pro-active engagement of all the different ministries and institutions, the social partners, providers and other stakeholders. Much greater investment has to be made in building adult competences to enable them to support business competitiveness and social goals. This also means ensuring that those who are economically and socially disadvantaged and exposed to long-term unemployment and exclusion have equal access to continuing training.

A number of key policy areas will be explored in this publication. These areas are believed to be important to boosting adult learning and ultimately contributing to raising the skill levels of individual citizens.

They include in particular:

- promoting the continuing development of skills and competences, including key competences, among the adult population;
- raising the skills of individuals who are underrepresented in learning and at risk of social exclusion;
- promoting learning in the workplace and human resources development in companies, and the provision of specific support to groups of companies whose training levels are insufficient;
- developing an effective adult learning system responsive to the diverse learning needs of adults, including first time jobseekers;
- customising learning offers and methodologies and furthering the professional development of adult trainers;
- ensuring quality in adult learning;
- developing qualification frameworks and processes to assess and certify skills acquired through prior formal, non-formal or informal learning and experience;
- further developing lifelong information, guidance and counselling systems;
- promoting intelligence, research and the continuous development of adult learning and the systematic monitoring and evaluation of progress.

Apart from giving practical, concrete proposals on the areas mentioned above, this publication considers how to create an enabling environment for adult learning through partnerships, awareness-raising, and maintaining the momentum by changing people's attitudes to learning and by encouraging individuals and enterprises to invest in learning.



Photo: EC/A. Zrno



# 1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE

# 1

## 1.1 THE NEED FOR A BROADER CONCEPT AND HIGHER LEVELS OF SKILLS AND COMPETENCES

The concept of skills has changed substantially and covers a broad range of specific and generic skills that are needed in the workplace today. Payne (2004) provides a useful summary. Traditionally, he argues, 'skills' referred to the 'hard' technical abilities and know-how needed by manufacturing workers and technicians, or the analytical capacities of scientists. The concept has since broadened to include 'soft', 'core', 'generic', 'key' or 'transferable' skills that are important for success in the labour market. These have a wide application across different employment situations. The greater use of ICT across a broad range of occupations, for example, requires higher levels of literacy skills and new skills, such as the ability to access and absorb a mass of information and fit it with the tasks in hand. The new 'soft' skills include communication skills, process skills, ICT skills, team work, problem-solving skills, learning how to

learn and being responsible for improving one's own learning and performance. Payne suggests that these important generic skills, except the more measurable or 'hard' skills, such as ICT and modern languages, tend to be downplayed in reforms of vocational qualifications and curricula because it is difficult to measure or describe them.

At European level, basic skills emerged as a key element in lifelong learning in 2000 when the Lisbon European Council called on Member States, the Council and the European Commission to establish a European framework for 'new basic skills'. A working group found that key competences are those that are 'needed for personal fulfilment, active citizenship and social inclusion and employment in the knowledge society'. They include specific skills to carry out a certain task, as well as 'more flexible, generic and transferable competences'. The EU reference framework describes eight key competences: communication in a person's mother tongue, communication in a foreign language, mathematical literacy and basic

## DESIGNING ADULT LEARNING STRATEGIES

competences in science and technology, digital competence, learning to learn, interpersonal and civic competences, sense of innovation and entrepreneurship, and cultural expression (European Commission, 2005).

Payne also comments that employers ask for certain personal qualities and values, attitudes and attributes in their workforce, and these have been incorporated into the notion of 'skills'. These include leadership skills, positive attitudes towards change, integrity and motivation. Creativity is important too, because it helps enterprises respond to market change and to innovate. In the service sector in particular, employers also look for good interpersonal and customer handling skills.

Apart from the new concept of skills and competences, which include generic or key competences, higher consumer requirements, much accelerated product innovation cycles and frequent technological changes considerably increase demand for a more highly skilled and trained workforce for the global knowledge economy (OECD, 2001). In

order to adapt and maintain competitiveness, enterprises need appropriate organisational structures, an able management and a skilled workforce. Modern management frameworks are a key prerequisite that call for professional managers with higher-level skills. In addition, a relevant upper secondary level qualification is now accepted as the minimum qualification level for the majority of the working-age population to allow them to enter the labour market and remain employable.

This statement contrasts with the picture painted in Table 1. An analysis reveals that substantial numbers of adults in South Eastern Europe have low educational attainment levels.

Educational attainment levels of adults aged 25-64 are especially low in Kosovo and Albania, where the percentage of people with lower secondary education or less is three times as high as in the new EU Member States. Even in the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina the respective figure is still twice as high. Due to

**Table 1: Educational attainment level of the population aged 25-64 (%)**

Country/Territory	Year	Low** (lower secondary or less, ISCED 0-2)	Medium** (upper secondary, ISCED 3-4)	High** (higher education, ISCED 5-6)
Albania	2004	59	32	9
Bosnia and Herzegovina	2004	39	51	10
Croatia	2003	30	54	16
Kosovo	2003	62	37	1
Former Yugoslav Republic of Macedonia	2005	41	45	14
Serbia	2005	12	67	21
<b>For comparison:</b>				
Bulgaria	2005	28	51	21
Romania	2005	27	62	11
10 new EU Member States	2002	19	66	15
EU-15	2002	35	43	22

Sources: ETF labour market reviews, ETF Key Indicators, ETF's calculation on LSMS data, Eurostat  
 \*\* 'Low', 'medium' and 'high' have been chosen to denote different attainment levels, as education systems in South Eastern Europe are different and qualification levels obtained are not necessarily comparable to ISCED level qualifications. 'Low' usually refers to the completion of eight or nine years of compulsory schooling; 'medium' to the completion of secondary education in whichever form and 'high' to the completion of higher education.

## 1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE

previously severe restrictions in access to higher education, the percentage of people with higher level qualifications is extremely low in Kosovo and low in Albania.

Countries, such as Croatia and Serbia, that have opened up access to university and other forms of higher education in the past decade, are recuperating quickly. In terms of the overall percentage, they compare well with the average level at least of the new EU Member States. However, as regards higher education, there are major imbalances in all South Eastern European countries in comparison with more advanced economies.

The OECD comparison in 30 countries shows that the problem of low educational attainment levels in the adult population aged between 25 and 64 is a critical issue for all the countries surveyed. There are very wide variations in the percentage of the population with low skills, ranging from 12% of the population in the Czech Republic to 86% of the population in Mexico (OECD, 2004a).

South Eastern European countries have conducted their own surveys that highlight the problem. For example, it was hard to recognise that the overall educational

attainment level even in a country such as Croatia is low compared to the more advanced economies in Europe. The census conducted in Croatia in 2001, which takes into account the entire population, revealed that a high proportion of its population have not completed basic schooling (8 years) or have very low educational attainment levels: 2.86% had no formal education at all; 15.76% attended some years of elementary schooling, but did not complete it, and 21.75% completed only elementary school (source: Central Bureau of Statistics, quoted from: Government of the Republic of Croatia, Commission for Adult Education, 2004).

Analysing how educational attainment relates to employment, Table 2 below shows that the employment rate for unqualified or low qualified people is considerably lower than that for people with higher level qualifications.

Although we have used educational attainment levels for comparison, we know that these may not be a sufficient indicator to describe overall skill levels of the population, especially in contexts where the relevance of most of the education and training contents and outcomes are being

**Table 2: Employment rates by educational attainment, 15–64 year olds, 2005, unless noted (%)**

Level of qualification	Albania <sup>1</sup>	Bosnia and Herzegovina <sup>2</sup>	Croatia <sup>3</sup>	fYR Macedonia <sup>4</sup>	Serbia <sup>5</sup>	Montenegro <sup>6</sup>
Low (lower secondary or less, ISCED 0-2)	58.6	31.4	42.9	23.5	34.9	18.4
Medium (upper secondary, ISCED 3-4)	60.8	53.6	64.3	43.8	53.0	43.6
High (higher education, ISCED 5-6)	76.1	63.8	81.1	73.3	71.4	75.7

1 – Living Standards Measurement Survey, 2004.

2 – Living Standards Measurement Survey, 2004.

3 – European Training Foundation, Key Indicators database, 2003.

4 – European Training Foundation, Data collection 2006 (LFS data).

5 – European Training Foundation, Data collection 2006 (LFS data).

6 – European Training Foundation, Data collection 2006 (LFS data).

NB. The statistics are not comparable across countries, as they are time and survey specific.

For Kosovo and Montenegro we have not been able to obtain reliable data.

questioned and reformed. When it comes to what people really know and how they are able to apply their knowledge and skills to practical work situations, the picture may become even bleaker. The issue here is one of functional literacy skills, which is measured for example through OECD's PISA<sup>2</sup> or IALS<sup>3</sup> tests, and of actual occupational competence. In Kosovo an estimated 40% of the population have insufficient functional literacy and numeracy skills and there were higher levels of illiteracy among women, older people and young Roma, Ashkali and Turks (Gribben et al, 2003, data from UNFPA/IOM and the National Office of Statistics from 1999-2000).

Many people with a low qualification, or only a few years spent in formal education, will be functionally illiterate and innumerate to the extent that they are unable to perform basic tasks efficiently. While the problem of low skills among unemployed people might be recognised, the same problem among employed people tends to be underestimated. People with low skills generally do not recognise that they need to improve their skills (OECD, 2003). Whilst there are initiatives in some South Eastern European countries to address low skills among certain target population groups (see Section 2.3 below) particularly the unemployed, governments and social partners have no policies for addressing low skills in the workplace.

The need for new and higher skills in EU economies has to a large extent been met by enterprise initiatives and the development of the training market, both public and private. Enterprises have played a major role in raising participation in adult learning through, for example, the development of in-company training programmes tailored to the needs of their business and employees, setting up in-house learning centres, integrating workforce development into their strategic business planning cycles and providing incentives. Public and private providers work with enterprises in different ways to support their human resource development efforts. Tertiary institutions have opened up

to adults and developed advanced technical/vocational studies and short, updating courses and advanced professional courses, such as MBAs. Retraining schemes for the unemployed have become more tailored to individual needs and widened to incorporate parallel support such as work placements, individual action planning, counselling and guidance. However, despite these initiatives, participation in adult learning continues to be uneven and unequal. As a consequence, governments have increasingly intervened to raise skill levels, especially of people with low educational attainment levels who are more at risk of losing their jobs and becoming marginalised. Employers too, who traditionally sponsored training for their highly skilled and skilled workers, are increasingly addressing the training needs of employees with lower educational attainment or skill levels.

The following sections explore the impact of changes on skills in further detail.

### 1.2 THE IMPACT OF ECONOMIC CHANGE ON THE SKILL AND KNOWLEDGE NEEDS OF THE WORKING POPULATION

Companies are under constant pressure to change because of several push factors in the external business environment and inside companies. Although there are periods of major upheaval, for example, when companies restructure, there is constant pressure to adapt as markets evolve. During transition, the adjustments that need to be made are wide and deep. Companies can only survive if they take advantage of market opportunities and respond to competition. Understanding the market, customers' needs and developing high quality products to meet them depends on a number of factors including good market intelligence, investment capital, quality assurance and skilled staff. The workforce has to be able to adapt quickly and efficiently to external business pressures and to internal change as a

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<sup>2</sup> PISA – Programme for International Students' Assessment

<sup>3</sup> IALS – International Adult Literacy Survey



## 1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE

consequence of business re-engineering, the introduction of new technology, just-in-time production, total quality control processes and lean management etc. Although these changes impact on all countries and territories, the specific mix and level of skills needed by the workforce depends on different market shares and conditions and the phase of economic and technological transformation.

Employers usually meet their skill requirements in three main ways: by recruiting appropriately skilled workers, by developing the competences of existing employees or by combining the two. The effectiveness of these solutions in turn depends on the supply of appropriately skilled human resources and the availability of good quality training programmes and trainers, either in-house or external ones that respond to their specific needs. Recruitment in South Eastern Europe may be difficult because the number of highly and multi-skilled workers with the right mix of technical, language and management skills and experience from which companies could be expected to recruit is relatively small. This is an issue particularly in the more developed countries of the region, such as Croatia, in knowledge-intensive sectors like information and communications technology, banking, financing and insurance, as well as in internationally operating businesses. In addition, the continued subsidisation of some enterprises by the state and delays in enterprise restructuring and privatisation tend to keep people in jobs, even if they have out-of-date qualifications, too narrow occupational skills or lack broad generic skills, may hinder business adaptation, especially if no programmes are in place to train and develop them.

Broader workforce development in South Eastern Europe has been slow. Many young people coming into the labour market for the first time lack relevant skills because education reforms and modernisation of the vocational curriculum have generally not kept pace with the changing skill requirements. Likewise, the education and training system is by and large ill-adapted to respond to the skill

needs of labour markets in transition with high numbers of low or inappropriately skilled people who seek to upgrade their skills or retrain.

In addition, despite growing numbers of unemployed people seeking work, specific skill mismatches and shortages have come to the fore, especially in temporary 'boom' sectors, such as construction, or in newly emerging sectors, such as IT. To give just one example, a study commissioned by Cisco Systems Croatia in March 2006 revealed that Croatia will lack more than 5,000 IT experts by 2008. The average shortage rate of IT experts on the Croatian market was 16% in 2005 and it is forecast to grow to 25% by 2008 (IDC Consulting Agency, 2006).



Photo: ITCILO/F. Decorato

Transition in South Eastern Europe has brought a huge growth in small and micro enterprises, which was a forced rather than a deliberate development. Many of them are extremely vulnerable in their market position due to their difficult financial dispositions and their lack of growth potential. The example of the former Yugoslav Republic of Macedonia illustrates the problem (see overleaf).

The Directorate for Development of Small and Medium-Sized Enterprises of the Ministry of the Economy in Montenegro summarised the key problems of small and

### ***The economic environment in the former Yugoslav Republic of Macedonia***

Little more than a decade has passed since the former Yugoslav Republic of Macedonia gained independence, not a long period to adjust from being a centrally planned to a market economy. Today, the grey economy represents an estimated 40% of GDP and the official unemployment rate stands at 37%. Not less than 98% of all companies are of medium, small or micro size. Altogether, they have a share of 49% of total employment and 45% of total turnover. In former times the personnel units of large enterprises or the economic chambers (or individuals themselves) were responsible for training. Now, with economic restructuring and privatisation, small, often family-owned businesses proliferated and these typically do not have any management structures or business plans, they use centralised decision-making procedures and are not open to external assistance. Owners and employees have to grapple with their daily immediate business and resulting pressures. Low and irregular cash flow leads to operating difficulties. Machinery is typically old and needs updating, but business owners lack the necessary funding for investment. They have to pay high interest rates on any loans they have. In the context of a generally low 'payment moral', payments through barter agreements, i.e. the exchange of goods for goods rather than goods for money, are the rule rather than the exception and this represents another problem.

medium-sized enterprises in its government strategy as follows:

- low levels of business awareness and business skills;
- regulatory and administrative barriers;
- lack of access to affordable sources of medium and long-term finance;
- inadequate access to sources of business and market information; and,
- limited availability of specialist business services.

In such a business environment, the training and development of managers and employed people tends to get pushed to the side. Owners and managers have generally both insufficient management skills, including business planning skills, and time to consider the investments they need to develop their businesses and, within this context, their staff. They may be unaware of their own training needs or unable to meet them because they cannot afford the cost of training or staff time. Moreover, suitable, affordable, high quality and flexible training programmes tailored to their needs may not be available in the training market.

However, despite this rather bleak picture, some examples of good practice do exist in

all over South Eastern Europe. An analysis undertaken in the former Yugoslav Republic of Macedonia showed that it is the following types of company in particular that train their staff:

- joint ventures or companies with mixed capital;
- large companies with a human resource development department;
- companies in the information and communications technology sector that face a lack of skilled employees;
- companies following ISO, the local HACCP or other quality control standards; and
- companies that have had positive experience with training and consultancy services.

Cases exist where managers are willing to pay for training delivered in certain fields and in certain ways, where priority is typically given to management, ICT and foreign language skills. Also, specialised technical skills tend to be increasingly recognised as an important field for further training, although trainers or consultants with the necessary specialist skills may be difficult to find on local markets. In reality, a whole range of skills at various levels is needed. While the undertaking of

## 1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE

**Table 3: Total activity, employment and unemployment rates by country/territory, 15-64, 2005 unless noted**

Country/ Territory	Participation/ Activity rate	Employment rate	Unemployment rate
Albania <sup>1</sup>	63.4	60.3	5.7
Bosnia and Herzegovina <sup>3</sup>	51.3	35.0	31.8
Croatia <sup>4</sup>	49.9 <sup>5</sup>	54.7	13.6
Kosovo <sup>7</sup>	46.2	27.9	39.7
Former Yugoslav Republic of Macedonia <sup>8</sup>	60.7	37.9	37.6
Montenegro <sup>9</sup>	59.0	40.9	30.6
Serbia <sup>10</sup>	64.1	49.6	22.7

1 – Living Standards Measurement Survey, 2004.

3 – National Statistical Office, LFS 2006.

4 – Eurostat data based on LFS data from the Croatian Bureau of Statistics, 2004

5 – Statistical information 2005, LFS data, second half of the year 2004

7 – Statistical Office of Kosovo, LFS 2004

8 – European Training Foundation, Data collection 2006 (LFS data).

9 – European Training Foundation, Data collection 2006 (LFS data).

10 – European Training Foundation, Data collection 2006 (LFS data).

*N.B. The statistics are not comparable across countries. They show a snapshot for each country which is time and survey specific.*

comprehensive training needs analyses is not yet common practice, these would be essential at both national, sector, regional and business levels to define the precise scope of training and development needed.

A successful way of meeting training and development needs within smaller companies effectively and efficiently is through economic clusters (a model is described in section 7.2. below). In addition, other incentives and measures will be needed to raise workforce participation in learning, to create a culture of learning in enterprises and support the development of ‘learning enterprises’. Enterprises, trade unions, chambers, individual employees and governments all have a shared interest in driving this agenda forward.

### 1.3 THE SOCIAL IMPACT OF ECONOMIC RESTRUCTURING: UNEMPLOYMENT, SOCIAL DISADVANTAGE, EXCLUSION AND POVERTY

Economic collapse and transition to market economies brought major social shocks including long-term unemployment and the

widening of pre-existing social inequalities. Long-term unemployment and under-employment have had a negative impact on skills: individuals who were unable to keep abreast of new developments have become deskilled, less employable over time and at greater risk of exclusion from the new labour market. Economic decline in the countries also seriously eroded the financial resources available to tackle social deprivation and poverty.

Table 3 illustrates differences in activity, employment and unemployment rates. It shows that although unemployment is high in all countries and territories, its impact has been unequal. Although there are differences in how unemployment rates are calculated which prevents direct comparisons, it is no surprise to find that Kosovo (39.7%) has one of the highest levels of unemployment in the region and Croatia (13.6%) one of the lowest.

Table 4 below shows that unemployment is also very uneven within countries. War-affected zones, regions previously characterised by mono-industries or low-tech agriculture and in economic decline and in some cases contamination

**Table 4: Examples of regional variations in registered unemployment levels per country/territory**

<p>In <b>Croatia</b>, the counties of Vukovar-Sirmium (31.2%), Sisak-Moslavina (29.6%), Slavonski Brod-Posavina (29.1%), Virovitica-Podravina (29.1%) and Karlovac (27%) are those with the highest unemployment rates, while Istria – the region bordering Slovenia and Italy – as well as the city of Zagreb enjoy the lowest unemployment rates with 5.7% and 8%, respectively (Croatian Employment Service, 2006, data from September 2005).</p>
<p><b>Kosovo</b> has substantial regional disparities with higher levels of unemployment in Pristina (22.2%), Mitrovica (20.8%) and Prizren (14.25%) compared to Gjilan (9.28%) (Labour and Employment Statistics, 2002).</p>
<p>Unemployment in the <b>former Yugoslav Republic of Macedonia</b> has substantial regional variations, too. It is concentrated in larger urban centres. One quarter of the 123 municipalities have an unemployment rate higher than 50%. The majority are in the Skopski and Pelagoniski regions (Zelino has an unemployment rate of almost 80%, UNDP, 2004).</p>
<p>In <b>Serbia</b> unemployment is twice as high in Belgrade as in the South-Backa regions and over two-thirds higher than in the Nisava and Srem regions.</p>
<p>Regional disparities exist in <b>Montenegro</b> with unemployment in the central region (42%) higher than unemployment in the north region (39%) and more than double that of the south region (19%) (Employment Agency of Montenegro, 2005).</p>

have higher levels of unemployment. Migration to urban areas has led to high unemployment levels in some urban centres.

The impact of unemployment, under-employment and marginal employment in South Eastern Europe has also been unequal. Certain population groups have lost out (e.g. older workers, women, people with disadvantages, people living in rural areas). The terms 'unemployed', 'under-employed' or marginally employed are somewhat fluid. People register as unemployed to benefit from social insurance either because unemployment benefits are not available or, where they do exist, are small and paid for a limited period anyway. Workers in former state or socially-owned companies that have ceased to operate are technically 'employed' but they have no work and are not paid. Many people registered as 'unemployed' in reality are likely to be marginally employed in the grey economy in seasonal agricultural and casual service sector jobs which are illegal and poorly paid. In Montenegro, as in other parts of the region, employment has become more irregular and casual.

At the start of the transition as unemployment grew rapidly, emphasis was placed on passive labour market measures. More recently, the public employment services have started to develop active labour market measures, such as job search, vocational counselling and guidance, individual employment planning, job brokerage services, placements, apprenticeships, retraining for unemployed adults in skills in demand in the labour market and small grants for the unemployed or redundant workers to start a business or become self-employed. However, the total number of unemployed people who benefit from active labour market measures and who find jobs afterwards is small. This is partly because funding is very limited and capacity has to be developed. (For a more detailed review of these issues see also the labour market reviews published by the ETF in 2006.)

In Croatia, during the entire period between March 2002 and August 2005, a total of 80,371 unemployed people, including 37,950 women benefited from the various measures of the Government's Employment Promotion Programme (see Table 5 below). The programme and

## 1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE

**Table 5: Croatian Employment Promotion Programme – number of participants in the period from March 2002 to August 2005**

Sub-programme <sup>4</sup>	Total	Women	Share of women	Total	Women	Share of women
A – From college to work	5,745	3,667	63.8	1,084	698	64.4
B – From classroom to workshop	1,874	611	32.6	252	89	35.3
C – By learning towards jobs for all	57,044	29,211	51.2	10,538	5,526	52.4
C1 – Internship	6,609	3,331	50.4	1,063	582	54.7
C2 – Introduction to the job	50,435	25,880	51.3	9,475	4,944	52.2
D – With experience towards profit	6,216	3,980	64.0	1,071	722	67.4
E – There are chances for us too	339	153	56.9	70	32	45.7
F – Work for veterans	9,153	328	3.6	1,470	52	3.5
<b>Total</b>	<b>80,371</b>	<b>37,950</b>	<b>47.2</b>	<b>14,485</b>	<b>7,119</b>	<b>49.1</b>

Source: Croatian Employment Service, 2006, p. 27

participation rates can be considered a success, as this was the first time ever that active labour market measures were implemented in Croatia. Yet, the figures have to be set against the total numbers of almost 390,000 unemployed people in 2002 and slightly over 308,000 in 2005 (yearly averages). An impact evaluation of these measures has not been undertaken, so it is not known whether, for example, subsidised jobs had any substitution effect

or whether employment was sustained beyond the legally prescribed period.

Table 6 below shows that the unemployment rate in the countries of South Eastern Europe is highest among people with lower secondary education or less, except in Albania, Bosnia and Herzegovina and Serbia, although the differences vis-à-vis upper secondary education are often marginal.

**Table 6: Unemployment rate by educational attainment, 2004/2005 data, 15–64 year olds (unless stated) in %**

Level of qualification	Albania <sup>1</sup>	Bosnia and Herzegovina <sup>2</sup>	Croatia <sup>3</sup>	Former Yugoslav Republic of Macedonia <sup>4</sup>	Montenegro <sup>5</sup>	Serbia <sup>6</sup>
Lower Secondary or less	4.9	22.9	13.3	44.7	38.3	21.8
Upper Secondary	7.5	24.0	12.0	38.7	33.5	25.5
Higher education	4.2	12.4	5.8	15.7	14.9	14.4

1 – Living Standards Measurement Survey, 2004.

2 – Living Standards Measurement Survey, 2004.

3 – Eurostat, 2005 data, 25-59 year olds.

4 – European Training Foundation, Data collection 2006 (LFS data).

5 – European Training Foundation, Data collection 2006 (LFS data).

6 – European Training Foundation, Data collection 2006 (LFS data).

N.B. The statistics are not comparable across countries, as they are survey and time specific. For Kosovo we have not been able to obtain reliable data.

4 See Croatian Employment Service, 2006, for more details on the individual sub-programmes.

## DESIGNING ADULT LEARNING STRATEGIES

A higher level of education tends to make people less vulnerable on the labour market, which is illustrated by the fact that the unemployment rate is lowest among people with a higher education degree in all countries. Compared to the situation in the EU Member States, however, the unemployment rate even among more highly skilled people is considerably high.

From other surveys we know that, in 2002, 88% of the unemployed in Kosovo had low educational attainment levels or were unskilled or semi skilled. In Serbia in the same year 39% of the registered unemployed had a minimum of work and life skills, but people with medium-level qualifications (54%) represented the biggest group among the registered unemployed (the picture may be blurred however, as low-skilled people may not register with the employment service from whom they cannot get much support). Whilst the percentage of unemployed higher education graduates was lower, a substantial number of them were affected by unemployment.

There are a number of factors – age, gender, ethnicity, disability, poor health, poverty and location – that impact on unemployment and access to retraining. Adult learning opportunities in rural areas are limited. Young people who leave school early without the basic skills needed for employment and without work experience have considerable difficulty in finding work. After the economic and social dislocation of war in South Eastern Europe, large numbers of demobilised soldiers, war widows and low-skilled migrants have had to be re-integrated into normal working life. Certain ethnic minority groups, such as the Roma population, have also been hit hard by unemployment. Although these problems are common in the region, the level of unemployment, the impact of disadvantage and political priorities vary between countries and territories. In Kosovo, for example, low skills, poor educational attainment levels in the working age population are other significant factors (Employment and Skills Observatory of Kosovo, 2003). In Bosnia and Herzegovina and Croatia a top priority after the war was to help demobilised soldiers return to civilian life.

Employment service retraining programmes in the region tend to give priority to skilled or semi-skilled workers who have the promise of a job or a good chance of finding one and to training for young secondary school or higher education graduates to help them into work, although they have begun to address the needs of more disadvantaged groups. Whilst understandable, focusing on a narrow group of beneficiaries and on less disadvantaged ones reinforces any existing disadvantage of low skills. A more balanced and differentiated approach is needed that includes employability measures for the low skilled and vulnerable groups so that the most disadvantaged have a pathway back to work and out of poverty. EU experience shows that complex, targeted programmes that combine individual needs analyses, action plans, retraining-employability programmes tailored to individual needs, employment and self-employment support with parallel services (e.g. mentoring, transport and care allowances) where relevant, can have positive results.



Photo: ITCILO/M. Montesano

## 1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE

**Table 7: Poverty levels (Data – most recent statistics)**

Country	Population size, million	Unemployment rate	% Population living below the poverty line	% Population living in extreme poverty
Albania	3.134 (2005 estimate)	15.4	25.4 <sup>1</sup>	14.7 <sup>2</sup>
Bosnia and Herzegovina	3.8 <sup>3</sup>	22.1 <sup>4</sup>	19.5 <sup>1</sup>	
Croatia	4.442 (2003 estimate)	13.6 <sup>5</sup>	8.4 <sup>6</sup>	
Kosovo	1.9 (Eurostat website)	39.7 <sup>7</sup>	50.3 <sup>8</sup>	11.9
Former Yugoslav Republic of Macedonia	2.023 (2002 census)	37.1 <sup>9</sup>	30.2 <sup>10</sup>	
Montenegro	0.638 (2002 estimate)	23.0 <sup>11</sup>	12.2 <sup>12</sup>	
Serbia	7.492 (2002 estimate)	16.3 (2003 LFS data)	10.6 <sup>13</sup>	

1 – Data taken from World Bank database, year of reference: 2002

2 – World Bank, *Albania Poverty Assessment*, November 2003, page xiii

3 – Agency of Statistics of Bosnia and Herzegovina, *Demography, Thematic Bulletin*, 2005

4 – 2004 data from LSMS

5 – Eurostat data based on LFS data from the Croatian Bureau of Statistics, 2004

6 – National poverty line (unofficial), defined as 15,474 Kuna/year (1998; ca. € 2,063), World Bank, *Croatia, Economic vulnerability and Welfare Study*, 18 April 2001

7 – Statistical Office of Kosovo, *LFS 2004*

8 – 2000 data based on a Standard of Living Measurement Survey

9 – ETF, *Labour market review of the former Yugoslav Republic of Macedonia*, European Training Foundation publication, 2006, using 2003 LFS data

10 – Dito, data from 2002. National poverty line is defined in relative terms, 60% of median equivalent expenditure of households

11 – ETF, *Labour market review of Montenegro*, European Training Foundation publication, 2005, using 2003 LFS data

12 – World Bank, *Poverty Reduction Strategy Paper*, 2003. National poverty line defined as 'total expenditure below the expenses of the minimal consumer basket for a standard household (€ 116.2 per consumer unit)'

13 – World Bank, *Poverty Reduction Strategy Paper*, 2002, national poverty line defined as US\$ 2.4 a day.

NB. The data is not directly comparable. It provides a snapshot of individual countries which is time and survey sample specific.

Labour market training providers face several challenges: the adaptation of training programmes to changing skill requirements, the development of new programmes that respond to the skill requirements of new occupations and to the demand for higher level skills. Programmes also have to be customised to meet the needs of employers and individual learners. Targeted programmes for disadvantaged groups have to be designed and providers, both public and private, have to develop learning methodologies appropriate to different types of learners. Whilst short conversion or updating training programmes may

suffice for the better qualified or for those unemployed for short periods of time, unskilled people with low educational attainment levels who have been out of work for several years need longer, more complex programmes that combine support measures, integrated training programmes and work placements.

One of the consequences of long-term unemployment and marginal employment is poverty. Many citizens live below the poverty line, in many cases in extreme poverty. The scale of the problem of poverty across the region is shown in Table 7 above.

Experience from EU Member States suggests that there are no quick fixes for solving social disadvantage and poverty. Finding pathways back to employment for people disadvantaged in the labour market is especially difficult when activity rates are low and labour markets are closed. More diverse and innovative approaches are needed that integrate employment and training measures. Complex integrated local regeneration projects in deprived areas, e.g. the Šumadija HRD project in Serbia and the NEP Partnership project in Kamenica, in Kosovo, with the right framework conditions, can provide a dynamic context for improving skills and increasing opportunities for employment. These initiatives are donor-funded. They combine top down and bottom-up approaches that engage local communities and employers actively in finding solutions. Such projects provide opportunities for the development of customised training programmes based on needs analyses for companies undergoing restructuring, for employees threatened with unemployment and for local unemployed people. An important factor in such projects has been the capacity-building of local people and local partnerships to assist them in actively developing local solutions to local problems. Such initiatives have the potential to create job opportunities and new skills and occupations in, for example, regional, local and community development. Civil action to build bridges between communities is also a source of new jobs in the region and requires a wide range of leadership, management, ICT and communication skills.

### **1.4 THE AFTERMATH OF WAR: SKILLS FOR THOSE MOST AFFECTED AND THE NEED TO EMBED DEMOCRACY AND PROMOTE ACTIVE CITIZENSHIP**

The countries and territories in South Eastern Europe have had to come to terms with the economic and social upheaval of war which left economies and communities in disarray and dislocated family and working life. Helping people to return to

normality was an early political priority in the immediate post-war period for many countries and territories. Programmes, which are ongoing, were developed to assist demobilised soldiers and refugees to return to normal civilian working life and to help war widows provide for their families. In Bosnia and Herzegovina, for example, of the 900,000 workers employed in the formal sector in the early 1990s, only 72,000 still had jobs at the end of the armed conflict in 1995, and new categories of needy people emerged, including war veterans, civilian victims of war, orphans, disabled people and refugees. In 2002, 13,000 soldiers were demobilised, along with a further 8,000 in 2003, many of whom had not completed education and lacked essential basic and vocational skills. Programmes such as those sponsored by the World Bank and the EU provided education and training together with some business skills and small grants to help people set up in business. However, initial efforts were not very successful, as 45% of the industrial infrastructure had been destroyed during the war and economic recovery was slow<sup>5</sup>.

Sharp divisions in society, based on communal lines and separate enclaves, also emerged as a result of ethnic conflict. Renewing and rebuilding physical damage takes less time than rebuilding lives shattered by war. Continuous positive action will be needed for the foreseeable future to rebuild peace, trust and respect for other communities and to reduce the hostility, fear and insecurity that fuel social discord and inflame intercommunity conflict and violence. Building bridges and promoting a peaceful coexistence between divided communities continues to be a major challenge and requires specific advocacy and reconciliation skills as well as good leadership skills. The Council of Europe promotes democracy, human rights, the rule of law and cultural diversity through teacher training and specific education initiatives such as the Council's European Year of Citizenship through Education (2005). It has several projects running in, for example, Bosnia and Herzegovina, Serbia and Montenegro.

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<sup>5</sup> See Croatian Employment Service, 2006, for more details on the individual sub-programmes.



## 1. ANALYSIS OF THE MAIN CHALLENGES OF ADULT LEARNING IN SOUTH EASTERN EUROPE

Ensuring political stability, strengthening democratic institutions, law and order, and promoting active citizenship are important tasks for the countries of the region due to the political, economic and social uncertainties. In part, this agenda is being tackled at national level with support from the EU for institution-building for public administrations. At the same time, local projects initiated by foreign donors or non-governmental organisations (NGOs) working with their local counterparts are helping communities to help themselves, and through collective civic action to foster trust and collaboration.

In summary, the economic and social changes that are transforming working and social life in the countries and territories of South Eastern Europe have major skill implications. A critical, and increasing, problem common to all the countries and territories is the mismatch between the demand and supply of skills as their economies evolve. Responding effectively to skill pressures depends on labour market flexibility, which requires an appropriately skilled workforce and the capacity of local education and training providers to match the supply of skills to market demand. This is no easy matter

because of substantial skill deficits and shortages and because of major weaknesses in adult learning which has been in decline for over a decade. The training market has been slow to develop, major gaps exist in the supply of learning, its quality is variable and coverage and scope are limited. Many providers have not adjusted fully to the demand for new skills, the diverse needs of different kinds of learners or to different learning styles. A radical transformation and expansion of adult learning is needed, and employability skills need to become a much higher priority.

The quality of the human and social capital is a key determinant of future economic growth, wealth creation and social progress in any country. If no action is taken to raise overall skill levels in the transition countries in question, this is likely to be a major constraint on productivity and competitiveness but also on efforts to reduce poverty. Although it is self-evident that improving skills across the board will not alone solve chronic unemployment nor reverse economic decline, investment in people's skills is a central part of integrated measures to tackle them.



## **2. TRANSFORMING ADULT LEARNING – THE EXPERIENCE OF HUNGARY, A NEW EU MEMBER STATE**

# 2

This section provides information on how Hungary has reacted to changing competence needs in response to transition to an open market economy against the backdrop of the growing impact of the global knowledge economy. The reforms and developments in adult learning in Hungary are examined in detail, because the authors of the report feel that the transition experience of Hungary and the adult learning policy responses adopted by the Hungarian government provide useful insights for South Eastern Europe, a region still grappling with the impact of transition. A recent OECD review of adult learning (Viertel, 2006) in Hungary identified several weaknesses and difficulties facing policymakers, stakeholders and providers of adult learning as they seek to integrate policies and implement measures. The review team's analysis of the problems and some of the recommendations, appropriately modified to meet specific conditions elsewhere, are partly also valid for the countries and territories in South Eastern Europe, not least because of commonalities shared between their respective systems in the past.

Today Hungary has a stable market economy, but the challenge facing the country during transition, as with other countries in Central and South Eastern Europe, was to move from a centrally planned economy to an open market one. The transition period was painful and brought considerable economic and social hardship. Between 1992 and 1996 the Hungarian economy was restructured at a cost of 1.1 million jobs, a fall of 21.4% of total employment (Kerr, ETF, 2002). This had a profound impact on the structure of employment, labour force participation, unemployment and economic activity. Employment declined in agriculture and industry. The labour force participation rate for population aged 15–64 years declined substantially, and women were especially affected. The employment rate, although low, has been rising in recent years. In 1993 unemployment peaked at 12.1% but by 2002 it had fallen back to a more manageable level of 5.6%. Further analysis of the unemployment data reveals a problem with high youth unemployment. The unemployment data must be seen in the context of low economic activity levels as a

result of substantial withdrawals from the labour market during transition, particularly of people with low skills and low educational attainment levels, and older workers.

### 2.1 ADULT EDUCATION UP TO THE START OF TRANSITION AND DURING THE 1990S

Before the start of the transition period most adult education provision was supported by the state. Adult education was provided to enable: (i) people who had not completed primary or lower secondary education to acquire basic literacy and mathematical skills and formal qualifications in a range of public institutions; (ii) workers to acquire skills in company training centres; and (iii) people to acquire higher education qualifications. Public support was relatively generous: people could take up to 21 days a year off work for training, but the system collapsed at the beginning of transition.

The main focus of the Ministry of Education in the 1990s was continuing reforms to initial education and training for young people at upper secondary and post-secondary levels. Major reforms were carried out in order to support young people making the transition into work (1991-96), to modernise the curriculum of initial VET (1998-2002) (see below) and to adapt higher education to labour market needs (1998-2005). New advanced technical studies were introduced, and technology, ICT and foreign language training promoted. Adult education was left to market forces, with little government intervention or regulation. Private for-profit and not-for-profit organisations mushroomed, especially in niche markets of management training, information technology and foreign languages. These providers dominated the adult training market, as they do today. The main issue for the Ministry of Employment and Labour during the 1990s was to tackle growing structural unemployment. Employment services were decentralised to county and local levels in order to improve local responsiveness. In 1996 a new provider network of initially public-funded regional labour force development centres was established to provide training for unemployed people.

At the beginning of the 21st century, as the policy importance of adult learning increased, the legal basis for the introduction of major new policy initiatives was established, which are now at an early stage of implementation.

### 2.2 KEY FEATURES AND ISSUES IN ADULT LEARNING IN HUNGARY

#### Modernising VET qualifications

As a result of economic restructuring, Hungary had an immediate need to modernise VET, which at the start of transition reflected the occupational profiles of heavy industry and mass production that needed low technology and basic technical, manual skills. Hungary initiated a rolling programme (which continues today) to modernise national vocational qualifications and curricula and to bring them in line with the changing skill and knowledge requirements of the market economy. A national register of over 800 vocational qualifications was established; close to 400 of these qualifications can be acquired by adults outside the formal school-based system. Hungary has made considerable progress in developing and updating vocational qualifications and curricula, training trainers, developing teaching materials and improving training infrastructure in initial education and training. These reforms received additional funding when the government imposed a training levy on enterprises which is paid into the Development and Training sub-fund of the Labour Market Fund.

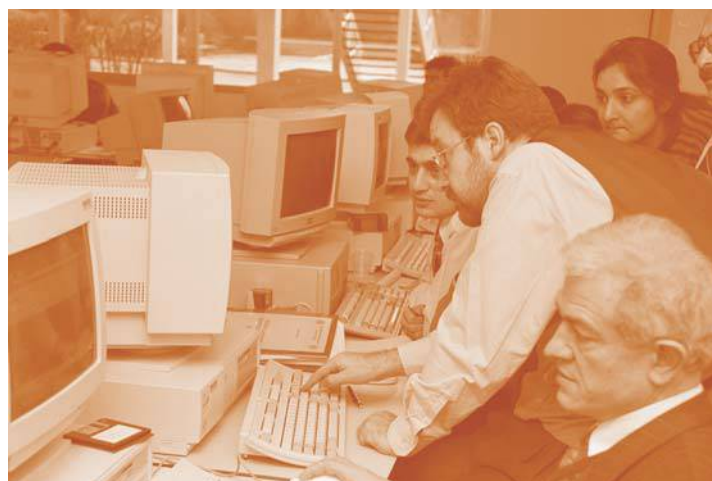


Photo: ITCILO/G. Brandi

## 2. TRANSFORMING ADULT LEARNING – THE EXPERIENCE OF HUNGARY, A NEW EU MEMBER STATE

However, the OECD review highlighted a number of weaknesses in the qualifications and modernisation process from the perspective of adult learning. Although qualifications were developed by sector working groups of education and enterprise representatives, some employers interviewed by the review team felt that the qualifications available outside the school system were modelled on those of initial education and training. Moreover, the focus was on lower-level qualifications rather than the higher-level ones needed by employers. They did not sufficiently incorporate broader generic skills, and some were outdated. The employers felt that the modernisation process was supply-driven, insufficiently forward-looking and not geared to the actual competences needed. One employer found the national system inflexible because it could not incorporate qualifications obtained through its company training programmes.

### A complex system

One of the complexities of adult learning in Hungary is the sharp policy and implementation divide between formal school-based adult learning and out-of-school adult learning<sup>6</sup>. The two strands of adult learning are governed by different legislation and different ministries, each with their own responsibilities, policies, bodies, institutions and networks.

The Ministry of Education is responsible for education policy for primary and secondary schools (including provision for adults) and the whole of tertiary education, but it shares responsibility with other sector ministries for vocational training, qualifications, programmes and examination requirements. It has its own bodies, institutions and networks (e.g. the National Vocational Training Council; the National Institute for Vocational Education, which maintains the NVQ register; accreditation bodies for the different education sub-sectors; and networks of state schools and universities). The Ministry of Education has the responsibility for coordinating lifelong learning. Separate legislation governs vocational training (including the NVQ register) and higher education.

The Ministry of Employment and Labour is responsible for employment policy, measures to prevent unemployment and the provision of assistance to unemployed people, including training and retraining. It works through the central labour office, which oversees the work of the decentralised networks of county labour offices and councils and nine regional labour force development training centres. The 2001 Adult Training Act confines the responsibilities of the Ministry of Employment and Labour to out-of-school adult learning. The act has also led to the establishment of new national bodies for out-of-school adult learning.

A feature of initial education and training and adult learning is the widespread representation of the social partners in key structures. They are represented on the boards of the Ministry of Employment and Labour's new national adult training bodies, the seven regional training boards, the nine regional training centres and twenty county labour councils. They are also represented on the Ministry of Education's National Vocational Training Council. Employers are represented on examination boards independent of training organisations. Representation and consultation of multi-stakeholder groupings, including associations of employers and employees, chambers and organisations of adult learning providers, are enshrined in law and recognised in practice. However, among those with a stake in adult learning, some are more active than others in shaping policy.

Despite widespread representation of the social partners, decisions taken at national level are influenced primarily by the government. The role played by trade unions is quite weak. Given employers' criticisms of national vocational qualifications, it is clear that the voice of employers and trade unions in decision-making needs strengthening, so that initial and continuing training programmes respond more accurately to the competence needs of employers and the workforce.

The overall impression of adult learning in Hungary is one of fragmented policies and

<sup>6</sup> See Bosnia and Herzegovina on <http://www-wds.worldbank.org>

provision and a lack of connections between its different parts. The sharp division between school-based and out-of-school adult learning appears to encourage overlaps and competition between different interests. The review team suggests that this fragmentation stems from a lack of a coherent lifelong learning policy and strategy that would balance different parts of the system and respond effectively to the needs of different learners.

### **Participation in adult learning**

A survey of participation in adult learning carried out by the Hungarian Central Statistical Office in the second quarter of 2003 found that 20.5% of the population aged 14-74 had participated in some form of adult education and training in the 12 months preceding the survey. The survey included 14-25 year-olds, many of whom were still in initial education and training, but when these numbers are excluded the average participation rate is only 8.2%. Hungarian participation rates are low and they compare unfavourably with top EU performers such as Finland, Sweden, Denmark and the Netherlands.

Many factors – age, gender, labour market status, qualification levels, location, availability of provision and learning mode – influence participation in adult learning. In the survey the average participation rates were highest for young people aged between 15-24 (many still in initial education and training), but participation declined with age. Some 18.2% of participants in Hungary were aged 25-34, while only 4.9% of them between 55 and 64. More women than men participated. When young students are excluded, participation rates for employed people were highest (15.9%), followed by those for registered unemployed people (13.6%), but only 4.5% of economically inactive people participated. Participation also increased in line with higher educational attainment levels: 27% of people who had completed secondary school and a similar percentage of people who had a university degree participated, compared to less than 10% of people with grade 8 or less. There were also wide regional variations.

Participation in adult learning is also unequal. The OECD review comments that 'there is a small group of highly educated people in Hungary, mostly young people, who continue to educate themselves and who have access to learning environments at work or in other contexts'. The overall focus in Hungary is on training provided in formal public education and training institutions or in private ones modelled on them. It is used predominately by young people without major learning difficulties. Yet, the training needs of many people are not being met, especially among redundant workers, people working in the grey economy and those who are economically inactive, disadvantaged people with lower educational attainment levels, older adults and people living in sparsely populated rural areas. The problem of the low participation of certain segments of the population is recognised, and work is in hand to improve basic skills provision in the school-based system. Some special support measures for those who are long-term unemployed, older workers and specific groups are arranged through the county labour offices and delivered by the regional training centres. However, some Hungarian experts commented that the government has so far done too little to reduce existing gaps in provision and to assist those people who are most in need.

### **Participation in continuing training in enterprises**

Kennedy and Badescu, ETF (2004) found that, compared to the EU-15, in 1999 Hungary ranked lowest in terms of the proportion of employed people who participated in continuing training and in the percentage of companies providing training for their employees. In the second EU Continuing Training Survey, which included Hungary and some other then-EU candidate countries, the proportion of enterprises providing continuing training in Hungary in 1999 was 37%, above that of Bulgaria and Romania but much lower than the Czech Republic (69%) and Estonia (63%) (Eurostat, 2002). Participation in training by enterprises is not only low but it is uneven and unequal. There are wide disparities between sectors, enterprises and different categories of workers. The Eurostat survey found that 79% of

enterprises operating in the financial services sector provided continuing training, compared with only 34% in manufacturing. However, between 2000 and 2002 the numbers doubled and there will have been further increases since then (Zoltán, 2004). Hungarian data on participation confirm general patterns of participation in adult learning in many countries.

### **The gap at higher education level**

Another major gap, and one that has important consequences for future economic development, is the lack of opportunities for adults to acquire higher-level qualifications. Funding for adult learning is linked to the national register of vocational qualifications, which has few higher qualifications. Public funding is limited to training for a first or second labour market qualification in an accredited institution and training for people with disabilities. Universities and other higher education institutions have not fully exploited their potential to provide higher-level adult learning, especially in terms of providing short, professional updating courses. Part of the problem relates to ethos, part to institutional rigidity, and inflexible funding arrangements are also a disincentive.

### **Importance of the remedial function of adult learning in transition countries**

Participation statistics show that young people who have obtained a first university degree or who have just graduated from secondary school but who cannot find a job immediately form the two largest groups of adult learners. Despite the modernisation of vocational training, a proportion of young people continue to train for old profiles that are no longer in demand in the labour market. Skill profiles remain quite narrow, and skill gaps and deficits are serious weaknesses. These problems suggest that initial training has been slow to adjust to the new demands of the market economy (see Zoltán, 2004, amongst others). The remedial function of adult education remains important.

The OECD review team believes that the immediate need for adult learning in

Hungary, as in many transition countries, stems from a 'persisting mismatch between the demand and supply of skills' as a consequence of transition. This mismatch is further exacerbated by the growing demand for higher-level basic, technical and core skills as the impact of the global knowledge economy grows. This means that the need for work-related adult learning is widespread and not confined to a specific group or to certain sectors.

## **2.3 ADULT LEARNING PROVISION**

### **Public school-based adult learning**

Second-chance basic and lower secondary adult education designed to compensate adults for previous educational shortfalls is provided by accredited primary and secondary schools under the school-based system. These courses are funded by the Ministry of Education, directly from school budgets. The users are predominantly young adults with few motivational problems or serious learning difficulties. Older adults, especially disadvantaged people who arguably need training most, are substantially underrepresented in formal provision. Funding for adult education flows exclusively to accredited state institutions, thus disadvantaging NGOs that are closer to hard-to-reach and disadvantaged populations and that are often in a position to be able to respond more flexibly to the learning needs of these groups. This inadvertently works against widening access in adult learning. Funding for adult learning, which is based on a combination of a fixed sum per lesson and per capita funding, is the same for school pupils and adults, and is low. This constrains innovation, the development of adult learning and the recruitment and continuing professional development of teachers of adult learners.

### **Non-public school-based adult learning – continuing training for unemployed people**

The county labour offices are responsible for training unemployed people through contracts with providers. In response to rising unemployment, the Ministry of

Employment and Labour established a network of nine regional labour development and training centres in 1996 with the help of the World Bank and the EU. These not-for-profit training centres play an important role in out-of-school adult learning. They are the main providers of training for both unemployed and employed individuals. They enjoy a market advantage with favourable funding conditions and close links with the labour offices. They have contributed substantially to the development of adult learning through diversifying training offers and responding to different types of learners. The centres are well equipped and offer more individualised services, including information, counselling and guidance. They invest in staff training and research and development (e.g. the Pécs centre is working on accreditation of prior learning and the Miskolc centre on e-learning). The regional training centres run special programmes for long-term unemployed individuals, including Roma adults who were hit hard by transition and people with disabilities (e.g. the Székesfehérvár centre specialises in courses for people with disabilities).

However, the regional training centres face some uncertainties. Legislative amendments designed to open up competition for labour office contracts has led to a decrease in funding and a reduction in their share of training for unemployed people (which used to be 70%). Despite their good record, the OECD review (2005) found that programmes for Roma people had had limited success. In part this was a result of cultural differences, but the fact that funding was only available for training was also a factor. This prevented the development of integrated programmes that incorporate training, access to employment and subsidies for food and clothing.

### **Funding basis of training for unemployed people**

The expansion of continuing training for unemployed people was possible because of social contributions made by employers (3% of labour costs) and employees (1.5% of gross salary) to the employment sub-fund of the Labour Market Fund. Some

of these funds are channelled to the county labour offices to finance training for unemployed people and, in some instances, for redundant workers. Funds are also retained centrally to fund organisations and national training programmes (e.g. the 'transit' employment programmes that help certain groups to enter or return to the labour market within six months of completing training, training for small and medium-sized enterprises, social integration programmes and IT training for elderly people).

### **Work-based adult learning**

Employers had to make a huge effort to adapt to the open market in order to survive. This required investment in new plants and technology, new products and services and new work practices. Underpinning these changes was the need for the workforce to adapt to the demand for new sets of competences and higher-level skills, particularly managerial, technical and core communication and social skills. The more qualified and skilled people found it relatively easy to adapt, but people with poor educational attainment levels and outdated skills found it much harder, and many lost their jobs. Although many companies invest in their workforce, especially in their more skilled workers, the overall participation rate of companies investing in continuing training, although rising, is low.

The training levy, which provided funding for reforms to initial training, did not provide much incentive for enterprises to invest in their workforce, and there is a major mismatch between public financial support for initial training for young people and continuing training for adults. The Hungarian levy scheme is not a 'train or



Photo: ITCILO/IF. Decoratio



pay' scheme, such as those in France and Australia, where companies can use up to the full amount of the levy to train their own employees. Enterprises in Hungary can retain a maximum of only a third of their contribution of 1.5% of payroll costs and small enterprises find the amount insufficient to cover their training costs.

## 2.4 ADULT LEARNING RESPONSES AT THE START OF THE 21ST CENTURY: NEW LEGISLATION, NATIONAL INSTITUTIONS FOR OUT-OF-SCHOOL ADULT LEARNING AND FUNDING MECHANISMS

The initial period of exponential growth in adult learning outside the school system was described as 'chaotic': it was unregulated, and had little transparency or quality control. It was also difficult to recognise the plethora of certificates issued by private providers. Adult learning opportunities were unevenly distributed, participation was low and training needs were not being met. In the late 1990s, as the policy priority of adult learning increased, Hungarian policymakers started work on new legislation. After extensive debate among key ministries and stakeholders including the social partners and the public, the 2001 Adult Training Act came into effect in January 2002. The act provided a major boost to adult learning, but its focus was on adult training outside the school system, thereby maintaining the divide between school-based and out-of-school provision. The Adult Training Act delegates most responsibilities to the Ministry of Employment and Labour, but other ministries also have a role.

### **New institutions and new funding mechanisms**

The Adult Training Act set up new national institutions (e.g. the National Adult Training Council, the National Adult Training Institute and an Adult Training Accreditation body) under the Ministry of Employment and Labour to develop adult learning and raise quality. It introduced new funding mechanisms, which came into force on 1 January 2003. Direct public

funding is limited and is channelled to institutions under normative per capita funding to enable adults to acquire up to a second-level labour market qualification. It funds training programmes that facilitate employment and programmes for people with disabilities. Indirect funding takes the form of a tax allowance of up to €250 which individual tax-payers can offset against their annual tax liability. This too is limited to training that leads to a registered qualification or to an accredited programme that takes place in an accredited institution. The tax allowance also covers the purchase of a personal computer.

### **A focus on quality assurance**

Following the period of unregulated growth in adult training, it was important to develop measures to increase transparency, quality control and the efficient use of public funding in non-formal learning. Processes were introduced to register and accredit institutions. Good progress has been made in accrediting institutions, with over 800 already accredited. Accreditation brings providers several benefits. Accredited institutions have the right to access norm-based funding and to participate in public tenders to upgrade infrastructure and equipment, and individual students of these institutions are eligible for tax allowances. A second accreditation process has recently been introduced for programmes, with the aim of allowing training providers to respond to the demand for shorter training courses and for skills that are not included in the qualifications listed in the NVQ register. At the time of the OECD review, 658 programmes had been accredited by the sector ministries.

Accreditation in Hungary is largely a self-assessment process based on the scrutiny of documents submitted by providers to the accreditation body. The system ensures certain standards of facilities, training and support services. It has to some extent regulated the market and is accepted broadly by public and private providers. Yet, there were criticisms that the accreditation processes were superficial, bureaucratic, not sufficiently objective and open to provider influence. One private provider felt that the process

did not take account of the extent to which training actually responded to market needs. The processes also appear to favour larger organisations that had the funds and resources to comply with administrative requirements. The review team thought that the two-tier system was likely to be confusing for developers, learners and employers and that two sets of administrative procedures added to the costs. What is not clear in the accreditation processes for institutions and programmes is the extent to which these lead to a systematic review, adjustment and development of programmes and form part of a strategic planning cycle.

### **Accreditation of prior learning and experience**

The Adult Training Act (2001) specifically requires providers to assess the prior learning and experience of adults, but as yet there is no unified system for doing so. The use of new assessment methods is not common practice and there is no independent mechanism for assessing people's competences. Adults are unable to reduce the time spent in learning by following only relevant modules because there is no scope for them to obtain partial qualifications. They have to meet formal entrance requirements in full. These difficulties are barriers that can discourage adults from participating in learning. Development work on the accreditation of prior learning is currently being undertaken by the Pec regional training centre.

## **2.5 SUMMARY**

Hungary has done much to put in place key components of an adult learning system, including processes to raise quality. However, the country is in the early phase of implementing major policy initiatives that will take time to yield results. There is more to be done to expand second-chance training for young people who leave initial education and training before completing their studies (early leavers) and for the 'losers' in the transition process, especially older people. More diversification is needed in learning offers and learning

modes. The use of modern ICT in learning in institutions, and in the workplace, community and home, must be accelerated, and open and flexible learning expanded. These developments all take time to implement, and Hungary has a long way to go in making access to adult learning widely available. Among the many issues identified by the OECD adult learning review team (see Viertel, 2005) are:

- a lack of a whole-government vision for the future development of lifelong learning, and within that, of adult learning, and a tendency to develop adult learning policies, legislation and funding conditions based on ministerial responsibilities and funding sources rather than on developing a shared, coherent strategy and set of measures to achieve such a vision;
- a sharp divide between school-based and out-of-school education and training that hinders the integration of different levels and types of adult learning and the integration of general education and vocational training;
- the limited influence of the social partners in policy development and implementation of continuing training and initial vocational education, despite widespread formal representation;
- insufficient responsiveness of national vocational qualifications and programmes to actual competence needs of employers;
- low, uneven and unequal participation in adult learning, unmet training needs, especially of groups disadvantaged in the labour market, and gaps in provision;
- funding problems: insufficient public funding for adult learning generally; unbalanced distribution of employer levy contributions in favour of initial vocational education at the expense of continuing training; and inflexible funding arrangements that constrain innovation and diversification of adult learning provision and learning modes, and hinder wider access, and funding that flows primarily to institutions rather than to individual adult learners.

## 3. ADULT LEARNING STRATEGY DOCUMENTS IN SOUTH EASTERN EUROPE

# 3

Five countries and territories in South Eastern Europe, Croatia, Kosovo, the former Yugoslav Republic of Macedonia, Montenegro and Serbia, have developed initial adult learning strategies or policy papers that identify strategic objectives and at times provide precise details as to how these could be achieved. In most but not all countries this work was undertaken by teams with stakeholder representation from ministries, employer organisations, trade unions and civil society. The sections below give a summary of the strategies.

### 3.1 CROATIA

Croatia had a long tradition of institutional adult education with a network of institutions across the country that offered formal and non-formal adult learning. During the 1970s this declined sharply. While second-chance formal adult education was subsequently revitalised, non-formal adult education remains marginalised. Croatia's strategy, adopted by the government in 2004, gives importance to lifelong learning as the key instrument for acquiring knowledge. In preparation for accession, Croatia is

developing a comprehensive strategy for lifelong learning, and the adult education strategy forms part of this exercise.

The strategy covers formal, non-formal and informal learning. It defines the responsibilities of the state as being to develop the framework, create the conditions for an adult learning strategy and monitor its implementation and success. Inter-ministerial collaboration between the Ministry of Science, Education and Sport (in the lead), and all the relevant ministries, including the Ministries of the Economy, Labour and Entrepreneurship, and Family, War Veterans and Intergenerational Solidarity, is seen as essential. In addition, decentralisation is encouraged, and more authority is given to social and other partners. Longstanding partnerships between the employers, the Central Employment Office, and adult education institutions exist in labour market training. In implementing adult learning, inclusive partnerships at local level are important and the strategy sees partnerships as the most 'frequent way of cooperating between all the relevant parties'. The social partners are expected to play their full role as 'users, investors,

negotiators and promoters of learning'. Formal partnerships have also been set up at national and local levels between the government, employers and unions for employment policy. They and other groups active in the labour market are members, for example, of a commission that has responsibility for monitoring the Croatian annual employment plan.

The strategy outlines a number of objectives that aim to develop the organisational and financial framework for adult education and a system that offers equal opportunities for quality learning throughout life, based on demand and need. This will involve creating the legal and professional prerequisites for establishing comprehensive adult education as an integral part of the Croatian education system. Legislation for adult learning is at present covered by different laws. However, a new law is currently being prepared that includes amendments related to rights and obligations, finance, widening access and the recognition of prior learning. In addition, an Agency for Adult Education is being established – without any social partner representative on its Governing Board.

Adjustments will also need to be made to educational planning and programming, strategies and methodologies to meet the knowledge and skill needs of individuals and the demand for skills for work and society, and to 'speed up the integration of labour and learning, in line with OECD economies' rather than perpetuate 'the traditional separation between studying and lifelong labour' (Government of the Republic of Croatia, Commission for Adult Education, 2004). The strategy lists a number of desirable features of adult education, such as flexibility, working in partnership, and monitoring and evaluation. It provides examples of initiatives, such as special programmes for war veterans and a large-scale literacy programme for adults who have not completed basic education. It highlights several areas for further development (e.g. the professional development of teachers of adults, opening up access to higher education to adults and expanding professional courses, improving the research base for adult

learning, and developing processes to recognise prior learning).

### 3.2 KOSOVO

Kosovo, a UN administered territory with an unresolved political status, is at a crossroads. Faced with imminent closure or privatisation of public and socially-owned companies, chronic unemployment of 39.7%, a substantial grey economy, 50% of the population living below the poverty line and 11.9% in extreme poverty, Kosovo needs to get people to work. This is not easy. Despite recovery from the economic collapse that followed the war, the economy has yet to make the transition to economic and employment growth. Skill mismatches and shortages are beginning to emerge, but substantial skill deficits will hinder wider efforts to transform the economy and make social progress. The European employment objectives of raising the employability of individuals, increasing the adaptability of enterprises and levels of entrepreneurship and improving equal opportunities are at the centre of Kosovo's strategy.

Substantial skill and knowledge gaps exist: 55% of the population aged 15 and over have a lower secondary level qualification or less, and 56.6% of the unemployed cohort are unskilled, of whom 53.3% are women (2002 data). Kosovo has a young population, but substantial numbers of young people leave school early with inadequate education and skills. Despite low illiteracy levels, there are wide age, gender and ethnic differences, with illiteracy levels higher for older people and some ethnic minority groups, and four times higher for women than for men. Employers concentrate on survival in a difficult business environment and training is generally perceived as a cost. Businesses have difficulty in adapting to new technology and to the market and may have insufficient understanding of their skill needs. The employers' representative on the Adult Learning Strategy Team from the chamber of commerce highlighted a major problem when he commented that 'Kosovo's employers are interested in

### 3. ADULT LEARNING STRATEGY DOCUMENTS IN SOUTH EASTERN EUROPE

training, but the training organised is not based on their needs'. Although the political priority given to adult learning is now beginning to increase, recent developments have not yet had time to bring substantial results. There is no comprehensive policy framework for the development of adult learning and capacity weaknesses exist at all levels. There are major gaps in provision, which has been insufficient for many years and former company training centres have disappeared. Funding is a major problem and chronic unemployment, poverty and the need to work long hours have undermined the value of learning in society with the result that the demand is low.

Developments in adult learning, for example in management training, skill needs analyses, business and ICT training for small enterprises, training related to local economic development, and vocational training and basic education programmes for vulnerable groups, have been sponsored by donors. Although these projects have been ad hoc and at times insufficiently adapted to local circumstances, they have helped develop local capacity and provide a basis on which to build. An important development has been the creation of regional unemployment services, regional training centres and labour market training programmes. The new regional training centres fill an important gap in the training market, although as yet numbers benefiting from their services are small. Ministerial and partner plans for the next five years will build on some of these initiatives in order to expand provision and services where possible.

The key challenges facing Kosovo are to address the skill mismatches and shortages that constrain competitiveness and the adaptation of enterprises to the market economy, and to reduce the skill deficits in the adult population, including very disadvantaged groups. Tackling these problems requires substantial policy intervention. Adult learning development across the relevant ministries is not coordinated. The data, information and research base is lacking or insufficient, and financial resources are very limited.

Partnership working in adult learning is new and will need strengthening.

Developing the strategy was a collective exercise by representatives from the Ministries of Labour and Social Welfare, Education, Sport and Technology, Trade and Industry, the Kosovo Trust Agency (responsible for privatisation), the social partners through the chamber of commerce and the Federation of Trades Unions and civil society represented by the Kosovo Education Council. Dialogue, consensus building, and partner commitment to working together at national and local levels is seen as fundamental to the successful implementation of the strategy. The strategy itself is rooted in existing policies and development orientations of the stakeholders and seeks to balance complementary economic and social action.

The strategy outlines a number of objectives and measures, which have to be further developed into operational plans. Objective 1 aims to increase knowledge and competences for the market economy and has two measures: to develop new basic skills programmes to raise the skills of people with low educational and skill levels, and to develop programmes to upgrade workforce skills in line with market needs and demands.

Objective 2 is about creating an enabling environment for the development of adult learning and partnerships within an integrated economic and human resource development framework. This would be taken forward by a new National Economic and Human Resources Development Council, which would be a catalyst for policy development and action. The council, with cross-ministerial, social partner and civil society representation, would be tasked with drawing up an integrated policy and implementation framework. The second measure envisages a range of capacity-building activities, including exposure to international good practice to enable the transfer of expertise for key ministry personnel. Adult learning is seen as a shared responsibility between different ministries, but the responsibilities of

individual ministries are not always clearly defined. Although the importance of interministerial cooperation is recognised, in practice there is less optimal cooperation and coordination between them.

Objective 3 is about putting in place the necessary components of an adult learning system. It includes developing information, counselling and career guidance services, an occupational classification system, an integrated national qualification framework, and modular courses. These are envisaged in the government's strategic plans.

Objective 3 also envisages the development of flexible formal and non-formal adult learning opportunities through, *inter alia*, the development of provision, ICT-based learning, enterprise and community-based learning and the training for teachers of adults and quality assurance. Objective 4 focuses on the creation of a sustainable data, information, analysis and research base, possibly in the planned tripartite Workforce Development Research Centre, for labour market trends and skills forecasting, but wider research into learning processes and pedagogy will also be needed. Objective 5 aims to increase the value of learning by promoting a learning culture.

The aim of Objective 6 is to develop sustainable, effective partnerships that bring together the economic partners, relevant ministries and civil society in dynamic, sustainable partnerships at all levels (national, regional and local) to develop adult learning and to foster coherent innovation by partners.

Empowering stakeholders is seen as essential, as it provides an impetus for development: the chamber representative on the strategy team, for example, was instrumental in establishing a Centre for Training Needs Analyses in the chamber of commerce, with support from key ministries, the Employment and Skills Observatory of Kosovo and the European Agency for Reconstruction. Objective 6 comprises two measures: capacity-building of stakeholders, which is essential as partnership working is a relatively new phenomenon in Kosovo, and technical assistance for the National Economic and Human Resources Development Council.

Finally, Objective 7 aims to improve the financial resources available for adult learning by providing technical assistance to build the capacity of Kosovo to fund adult learning, and to develop and implement cofinancing mechanisms (Employment and Skills Observatory of Kosovo, 2004).

### 3.3 THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The former Yugoslav Republic of Macedonia's Strategy for Adult Education sets adult learning in the context of economic, demographic and social trends. The country has an ageing population and a substantial number of people with low educational attainment levels: just under 50% of its citizens have basic primary schooling or less. The unemployment rate (37.4%) is one of the highest in the region, although many registered unemployed people work in the grey economy. Unemployment among the Roma population is a staggering 90%, and youth unemployment of 67.6% is very high. Long-term unemployment is a major problem that affects 80% of the unemployed cohort. The private sector (89.38% of all enterprises) has increased its share of employment to 56.7% (2004 data), but it has not been able to absorb the large numbers of employees who left public administration when it was reorganised. Employment growth has been slow in the two largest sectors, industry and services, and in small and medium-sized enterprises.

Adult and lifelong learning in the country is in a 'serious crisis'. Little priority has been given to its development by the state, employers, unions, chambers or citizens' organisation over the past decade. The learning culture of the past has been lost and there is a low level of awareness of the value of adult learning for economic development, employment and active citizenship. There is little coordination or collaboration between partners. The quality of learning on offer is variable, transparency poor and provision inadequate to meet the skill needs of adults. There are major systemic gaps: the

### 3. ADULT LEARNING STRATEGY DOCUMENTS IN SOUTH EASTERN EUROPE

lack of a national qualification framework and system to recognise and validate prior learning and experience, underdeveloped professional guidance and counselling services, insufficient investment in the development of teachers and trainers in adult learning, no national data collection system on participation and demand, and no sustainable system to analyse skill trends. There is little innovation and no development of open and distance learning, and only one institution (the Institute of Pedagogy in the Faculty of Philosophy in Skopje) carries out research on adult education.

Participation in adult learning is low and has declined. Second-chance adult learning opportunities provided by public primary and secondary schools declined sharply, and secondary school provision for adults is almost non-existent following the closure of adult evening classes in 1987. A decade later some retraining initiatives for workers made redundant as part of privatisation packages of state-owned enterprises. Participation is concentrated in training for new qualifications, foreign languages and ICT skills. Retraining opportunities are extremely limited because of a lack of finance, underdeveloped post-secondary vocational training and insufficient or poor-quality provision. In 2003 only 1.3% of unemployed people aged 25-64 participated in labour market training. Despite this low percentage, retraining programmes have the highest participation levels, followed by courses for employees who want to upgrade their qualifications, teachers and education managers who benefit from in-service training, and employees of companies with company training schemes. In addition to formal provision, there are many non-formal courses in functional literacy and numeracy for marginal groups (e.g. women and rural populations) that are funded and supported by international donors and run by local NGOs. Yet major gaps in provision exist and access to learning opportunities for adults is unequal.

Funding is a major issue as current finance is inadequate. There is no adult learning

fund, no cooperation with key stakeholders to establish a common fund and no legal framework for sharing costs between government, employers and individuals. The state provides minimal finance, individuals cannot afford to pay, and participation of enterprises in retraining employed and unemployed individuals is minimal. Institutions are therefore left to finance adult education provision as best they can from their own budgets and course fees. Employers are not motivated to invest in training their workforce because they see training as 'a failed investment'. They continue to value old qualifications and can easily recruit labour. Their low motivation is understandable. The move to knowledge-based jobs has not materialised, privatisation has not resulted in fast-growing productive sectors, and many job offers require only basic qualifications. Traditional perceptions of education as a one-off exercise at the start of working life persist, and enterprises have little awareness of the training needs of their workforce. At the same time, there are exemplary, dynamic private sector companies that are committed to human resources developments. Some collaborate with universities and other providers to strengthen the competences of their workforce.



Photo: ITCILO/M. Montesano

## DESIGNING ADULT LEARNING STRATEGIES

The Ministry of Education and Science is responsible for adult education, though there is no separate department within the ministry, and responsibilities are split between the different education sectors. There is no comprehensive state policy on adult learning. In the absence of economic and social plans for developing human resources, the lack of coherent policies and priorities, and the tying of the development of adult learning to existing formal education legislation (e.g. Laws on Primary and Secondary Education), have resulted in haphazard development, isolated approaches and an unregulated training market.

The need for fundamental reforms to adult learning is recognised. Two key government development programmes are expected to trigger a major expansion in the provision and development of adult learning. A separate law for adult education, which is expected to cover all aspects of an adult learning system at national and local levels, is under consideration. It will establish a financial framework and a system of providers, define their activities, ensure connections between formal and non-formal institutions and better links between the labour market and the economy, and allocate responsibilities for skill needs analyses.

A series of recommendations for taking forward the development of adult education have been made and include methods, partner issues, assumptions and next steps, as well as recommendations for the establishment of a Council for Adult Education with stakeholder representation, including government, education and economy, the social partners and the civil sector. Its aim would be to unify the interests of the parties and create a systemic approach to the development of adult learning at all levels. The council would have two main objectives: to design adult learning policies and to coordinate activities across the country. Specific functions would include regular monitoring of groups at risk of long-term unemployment; mobilising adult learners and widening access; mediation in programme implementation; accreditation; establishing a database of labour market change and education and training supply

and demand; and data collection and information. Preconditions for establishing such a council are government consensus and the alignment of sectoral responsibilities. It is assumed that stakeholders will be willing to collaborate. As a first step the establishment of a commission to prepare for the council and its operations is proposed.

Taking account of the decentralisation of responsibilities to local self-governments, the paper also recommends setting up municipal centres for human resources development through lifelong learning. These would strengthen the capacity of local governments and enable diverse lifelong learning opportunities to underpin local development. The functions of the municipal HRD centres would link with those of the Council for Adult Education and would include permanent liaison with the council. They would include the collection of local information (on labour markets, providers, civil society initiatives), skill needs analyses, the development of adult learning programmes, local action campaigns to promote a learning culture, regular monitoring of groups at risk of long-term unemployment, mobilising adult learners and widening access. These HRD centres would anticipate local skill trends and help to improve the responsiveness of adult learning providers to the actual skill needs of the economy. Establishing these centres will require the coordination of all the stakeholders and the allocation of financial resources from municipal budgets. The setting up of two pilot centres in Kičevo and Štip, which, because of their geographical position, provide scope for wider regional links has been suggested.

A fourth recommendation covers the preparation and adoption by parliament of a law on adult education following public debate. This would provide the legal framework for regulating adult education in the former Yugoslav Republic of Macedonia. The new law would be aligned with existing laws governing primary, secondary and higher education and vocational training. The paper stresses that the new law should not favour large, specialised providers of adult learning at the expense of smaller ones and NGOs.



### 3. ADULT LEARNING STRATEGY DOCUMENTS IN SOUTH EASTERN EUROPE

The paper also recommends the strengthening of expertise and professionalism in adult learning through the modernisation of university study programmes for adult education experts. This initiative could be realised by increasing the capacity of the Institute of Pedagogy in the Faculty of Philosophy at the Ss. Cyril and Methodius University in Skopje, the only higher education institution in the country that trains adult education experts. The last recommendation is for a public campaign to develop a culture of learning among young people and adults. This would involve several activities and could be taken forward by the Ministry of Education and Science with the municipal human resources development centres. As a first step the ministry could set up an expert body to prepare a promotional programme with external help (Velkovski et al, 2006).

#### 3.4 MONTENEGRO

Montenegro's adult learning strategy was developed by a team of experts working for the National Adult Learning Strategy Team, which had a wide membership from the government and the social partners. It takes into account the 2001 Book of Changes for education, the Law on Adult Education (adopted by parliament in November 2002) and the 2003 Agenda of Economic Reforms for Montenegro. It is set within the context of major skill deficits, shortages and mismatches and high unemployment standing at 15.9%, of which 59% are long-term unemployed individuals. Youth unemployment at approximately 20.3% of 16-25 year-olds is high. There are also wide regional disparities with unemployment in central Montenegro more than double that of the south region (Labour Market Indicators, 2005). Substantial numbers of people do not have basic primary education, and certain groups are affected more than others. Workforce skill deficits hinder business competitiveness and reduce the supply of skilled labour. The adult learning strategy, therefore, gives priority to learning for economic benefit and to skills for employment.

While recent developments in adult learning and good practice have brought improvements, there are serious weaknesses in the adult learning infrastructure: premises are often ill-equipped and coverage is poor, especially in rural areas, and company training centres have declined. State finance for adult learning is insufficient to meet even the most urgent needs, too few employers invest in learning and many individuals are reluctant to invest time and money in learning. Gaps in adult learning need to be addressed. This will involve developing nationally recognised qualifications in several skill areas, processes to recognise prior learning and a system of national standards for quality assurance. Curricula need to be updated in line with the skills required by employers and by adult learners. The training of teachers of adults and information, guidance and counselling services must be further developed. Learning opportunities need to be expanded and diversified to improve access for priority groups. Coordination between different government agencies needs to be improved and fledgling social partnerships strengthened.

The Law on Adult Education sets out the framework for providing primary education, a first vocational qualification for all citizens, retraining of the workforce and learning opportunities for individuals of all ages and abilities. The adult learning strategy outlines six priority objectives focusing on skills for faster economic growth and employability, increasing social inclusion, protecting the environment, building democracy and non-work-related adult learning. Success in implementing it depends on a broad social partnership of stakeholders from the public, private, and voluntary and community sectors. All partners, including government, are to ensure 'that their individual strategies support and are coherent with the overall Adult Learning Strategy' (Republic of Montenegro, 2004).

Each of the objectives will be achieved through a rolling programme of several interrelated, concrete actions that build up over the short, medium and longer term into a comprehensive adult learning

system. The short-term activities (over the next two years) for Objective 1 include the use of up-to-date labour market analysis to identify the most urgent skill needs, encouraging employers to train their existing workforce and to develop training for unemployed and redundant workers in identified skill shortage areas. Also envisaged are selective improvements to the physical infrastructure; the redistribution of financial resources and existing budgets to skill priority areas; relevant curricula development; and certification and quality assurance measures. High priority is given to the training of teachers of adults. Medium-term activities (over four years) include further improvements to datasets and labour market analyses and building the capacity of the social partners to enable them to influence decision-making, and establishing provider networks to cascade good practice. Policy linkages between general and vocational education and adult learning would also be improved, and the counselling and guidance infrastructure expanded. Further curricula developments, modularisation of courses, and programmes to tackle functional literacy and basic employability skills are envisaged, as are new fiscal incentives to encourage employer investment in training. A Centre for HRD in Public Administration will also be established. In the longer term (within ten years), action could include the development of an award scheme to encourage effective investment in employee development, a programme to promote learning and motivate individuals, enterprise learning in schools and the establishment of an international standard business school within the university (Republic of Montenegro, 2004).

### 3.5 SERBIA

Serbia's draft policy paper for the development of adult learning was drawn up by the Ministry of Education and Sports as part of an EU-funded CARDS VET reform programme. It outlines four strategic objectives, the tasks needed to achieve them and a number of strategic steps. The introduction gives a brief

outline of the country's economic, demographic and social context. Serbia's population is ageing with 25% of the population over 60 (2002 data). Poverty is a major problem, with almost a third of the population living below the poverty line. After a long period of economic crisis the economy is recovering slowly. Privatisation is in its final phase and some of the benefits of restructuring have begun to emerge, with higher productivity, growth in small and medium-sized enterprises and an inflow of foreign investment. The shift to higher technology is slow, the technological gap with EU Member States is wide and future development will depend on technology transfer. Without an adequately trained and flexible workforce able to adjust to technological innovation, new production methods and organisation of work, or to develop new products and services, Serbia faces 'transitional recession' (Ministry of Education and Sports of the Republic of Serbia/VET Reform PIU, 2005).

A core factor in social and economic transformation and transition to a highly productive economy is the availability of highly skilled and adaptable labour. Although Serbia has a high proportion of well-educated citizens, significant numbers are unskilled, and almost 50% of adults have only basic elementary education or below. Around three million people over the age of 15 do not have adequate skills, and a high proportion have serious difficulties in finding and keeping a job. Huge job losses that have affected unskilled and semi-skilled workers most, and also, increasingly, highly qualified workers, have led to a high level of unemployment and further deskilling. Coupled with labour market inflexibility, major systemic weaknesses and the absence of a systematic approach to the development of adult learning and support services, these are serious obstacles to social and economic progress. Major gaps exist at the political, strategic, legislative, institutional, human resources and financial levels. Programmes responding to specific skill demands in the labour market, and systems for recognising prior learning and experience are lacking.

### 3. ADULT LEARNING STRATEGY DOCUMENTS IN SOUTH EASTERN EUROPE

Adult education and training has two main functions: to respond promptly to economic and labour market change and technological innovation, and to compensate for earlier education and training shortfalls. Developing a relevant, flexible, efficient and effective system is a collective task for government and stakeholders, including the social partners, business and professional associations, NGOs, scientific and education institutions, and individuals. The strategy paper is based on the belief that dialogue and working effectively in partnership will lead to the creation of a 'dynamic and sustainable system of institutions and programmes for adult education and learning that is based on the needs of the economy and labour markets, and on realisable possibilities of society and the individual' (Ministry of Education and Sports of the Republic of Serbia, VET Reform PIU, 2005).

The first strategic objective focuses on creating the preliminary conditions and framework for effective social partner dialogue and action in adult education at all levels (national, regional/municipal and local), and in all areas of organisation and action in education and training (planning, programme development, financing, accreditation and certification). It outlines three concrete tasks. The first is to have a formal agreement on cooperation between the social partners in VET to determine the duties and responsibilities of the partners. The second is to create a new National Council for Education and Training responsible for taking forward policy development, strategy formulation, reform and development of the learning system, establishing national standards and qualification frameworks, monitoring and evaluating state provision, developing mechanisms for funding institutions and programmes, as well as human resources development. The third task is to establish local partnership councils in Belgrade, Zrenjanin, Kragujevac, Bor and Niš initiated by the regional centres for adult education and training through the chambers of commerce. These would be responsible for local analyses, monitoring, identifying needs and priorities for human resources development and adult learning, and suggesting models and approaches for

financing and investing in adult education and training. Members of the local partnership councils would include representatives from local government, the social partners, chambers, professional associations, institutions and providers, and NGOs.

The second strategic objective focuses on the distribution of responsibilities in adult education between the relevant ministries and their agencies. Three main tasks are envisaged: capacity-building for managing and supporting adult education; developing funding mechanisms; and establishing cooperation and coordination among the relevant ministries. The strategic steps are: establishing an adult education unit within the ministries and interministerial teams: one for developing financial mechanisms and strategy, another for strategic coordination, monitoring and evaluation of policy and strategy impact, and a third for information on adult education and training programmes, and labour market skills trends.

The third strategic objective is the development of a variety of programmes and resources for adult education and teaching that aim to widen access and meet labour market and individual skill needs. Emphasis is given to various development strands. The first includes basic adult education programmes that support social integration, increase employability, improve health and enable individuals to develop, and work-oriented basic training programmes for specific jobs that combine basic education and skills training and job search skills. The second is the development of initial vocational education and continuing training programmes. The former would be aimed mainly at young adults under 30. The latter would be for people who have lost their jobs or who are at risk of losing them and for individuals who lack vocational qualifications or who have special needs.

The fourth objective focuses on the development of the capacity and quality of adult education and training. This involves several interrelated tasks. The first is the creation of the legislative framework for all aspects of adult education (e.g. standards, certification and accreditation,

finance), which will be taken forward by a working group with representatives from the key ministries (the Ministries of Education and Sports, Labour, Employment and Social Policy, the Union of Employers, chambers, the trade unions, workers' universities and other adult education providers. Other tasks include establishing education and training standards through a committee within the Centre for Vocational and Artistic Education, setting goals and outcomes, and developing an accreditation and certification system (through a new Centre for Accreditation and a committee for setting occupational standards). In addition systematic quality assurance measures need to be developed based on these standards. These must be able to monitor and evaluate the effectiveness and efficiency of management, programme relevance, achievement of outcomes and responsiveness to economic and social objectives and the effectiveness of teachers. This would be taken forward by the Inspectorate for Adult Education within the Ministry of Education and Sports (Ministry of Education and Sports of the Republic of Serbia/VET Reform PIU, 2005).

### 3.6 SOME CHALLENGES

In Montenegro and Croatia the adult learning strategies have been officially endorsed by the education ministries and adopted by the respective governments. While both countries have also covered some ground in terms of implementing their priorities, e.g. by setting up new structures and training adult teachers, implementation falls short of expectations not least because of a lack of both overall support and funding.

The Serbian Ministry of Education and Sports has not recognised the importance of the adult learning strategy in promoting the sector. The Ministry of Labour, Employment and Social Policy's mandate is confined to small-scale training schemes for unemployed people and was not involved in the strategy debates. The strategy itself would need to be updated and adapted now.

The former Yugoslav Republic of Macedonia's adult learning strategy was written with the EC CARDS 2005 Lifelong Learning project in mind, for which it has served its purpose. As an important move to help universities to become continuing training outlets, the previous government included a section in the new Law on Higher Education. However, whether or not the recently elected government will follow up on the strategy and the proposed actions is unclear at this point.

Kosovo's strategy was designed by a multi-stakeholder group of experts whose advice was not taken on board by the education ministry when drafting their adult education law.

None of the countries can claim the full support and commitment of all key stakeholders to the implementation of the strategies. Although all the documents recognise the crucial role of the social partners in workforce development, governments or individual ministries tend to dominate decision-making. This may be the case because of weak social dialogue and/or insufficient capacity in adult learning. The challenge in South Eastern Europe is to create effective partnerships at all levels, national, regional and local. More attention needs to be given to creating an enabling environment that empowers the social partners and other stakeholders so that they can fully contribute to policy development and implementation. Positive examples exist: Montenegro already has a Commission and Council for Adult Learning and most of the other strategies propose concrete partnership structures, such as the National Economic and Human Resource Development Council in Kosovo, the National Council for Education and Training and the Local Partnership Councils in Serbia, as well as the Council for Adult Education and the Municipal Human Resources Councils in the former Yugoslav Republic of Macedonia. Less emphasis is placed on how to make partnerships work effectively and build consensus.

### 3. ADULT LEARNING STRATEGY DOCUMENTS IN SOUTH EASTERN EUROPE

Photo: EC/A. Zrno



The value of the strategy documents lies in their being 'living' documents: they can help shape adult learning over the next decade and be reviewed and modified in the light of developments and changing socio and economic conditions. Whilst we are reasonably optimistic that the countries will implement some of the planned strategic measures, it is far less easy to predict progress in empowering partners, in creating effective partnerships at different levels, in improving the coordination of policies and actions and identifying additional resources for adult learning. The strategies recognise the importance of raising additional resources but often assume that this will happen. Kosovo's strategy makes improving the financial resources for adult learning a strategic objective, which together with creating an enabling environment and effective partnerships are critical for the future development of adult learning.

The strategies need to be developed into realistic operational plans as the next step. These will specify timescales, set priorities, outline the different strands of action under each measure, set out responsibilities, allocate budgets and establish targets and milestones and the monitoring and evaluation framework.

While reviewing the countries' adult learning strategy documents, we have noted a number of issues.

- There is a need for a coherent, integrated or 'whole' government

approach to adult learning rather than uncoordinated or ad hoc approaches, as individual ministries develop their own policies and initiatives independently. The challenge for the countries and territories in South Eastern Europe is to adopt an integrated, cross-ministerial approach to developing adult learning.

- The countries' strategy documents do not, by and large, analyse how existing public expenditure and donor funding could be optimised for the development of adult learning. There is no consideration of how public funds can be used to lever in additional funding from employers and individuals, nor how ministerial budgets could be rationalised to increase efficiency in public spending and to free up additional public finance for adult learning. Also, further analysis of participation patterns and obstacles to learning and suitable interventions are required to target public funding for learning especially at those companies and individuals most in need. Priorities need to be set in consultation with all relevant ministries and the social partners, taking account of the availability of public, private and donor finance. It is important that policy frameworks incorporate rational funding mechanisms and that monitoring and evaluation is built into policy development.
- Linked to this is the importance of a partnership approach between government and stakeholders and good cooperation and coordination at all levels (national, regional, local), which all the strategies acknowledge. Although the documents outline new structures, there is a tendency to underestimate the difficulties in reaching consensus and ensuring good collaboration between ministries and key partners. This was highlighted, for example, in Kosovo's strategy which emphasised the importance of an enabling environment for effective partnerships. In most countries and territories, the views of governments or individual ministries traditionally dominate decision-making. In adult learning, it is critically important that employers and unions and their representative organisations, as well as

other stakeholders are able to influence decisions and play a full part in developments. The challenge for South Eastern Europe is to make working in partnership in adult learning effective.

- As already mentioned in section 2.1, there is a need to broaden and balance different levels and types of skills including basic skills, key competences and higher-level technical and professional skills that facilitate adaptation to job change, as well as professional, social and personal development goals.
- The strategies tend to give more emphasis to what the state can and should do, for instance, to train unemployed people or support existing adult learning providers. Less attention is paid to the needs for training in enterprises and to differentiated programmes for individuals and population segments. The challenge for the countries is to put the learning needs of enterprises and individuals at the centre of policy frameworks and respective legislation and to generally expand learning provision. This will include support to the development of high-quality formal, non-formal and

informal adult learning by the different types of providers, but under true market conditions.

- Continuing training programmes are insufficiently adapted to the needs of the economy, so more emphasis has to be given to developing economic sector skill analyses and forecasting tools to anticipate future skill needs to ensure the continuing relevance of continuing training and retraining programmes.
- Finally, the terms 'formal', 'non-formal' and 'informal' learning are new to the South Eastern European context, which is why most strategies fail to elaborate on how these different forms of learning could all be equally promoted and recognised. There is less focus on the development of a diverse training market, including the development of non-formal learning at work or in the community. The challenge for the countries is to develop comprehensive policy frameworks that seek to integrate formal, non-formal and informal learning.

These aspects and other policy areas which form part of comprehensive, coherent adult learning policy frameworks will be elaborated further in Part 4 below.

## 4. CORE ISSUES AND PRINCIPLES IN DEVELOPING COHERENT, COMPREHENSIVE ADULT LEARNING STRATEGIES

# 4

### 4.1 THE CORE PROBLEMS

The governments of South Eastern Europe, together with international organisations, have undertaken many studies of the education system, and there has been considerable debate on the reforms needed to bring the countries and territories up to the standards of EU and OECD countries. As far as adult learning is concerned, three key issues may be highlighted as requiring attention in the formulation of a strategy. It needs to be emphasised at the outset that these countries and territories are not alone in experiencing the problems outlined below. Most European countries, including well-developed ones, have to tackle the same issues when developing adult learning strategies.

#### **The policy focus**

Government and education ministries are on record as recognising the importance of adult learning and education. Existing policy and strategy papers on education

contain extensive discussion of lifelong learning and the importance of developing a learning society. They also, however, recognise that adult education is the most neglected part of the education system. The stocktaking reports undertaken as part of the ETF's Adult Learning project highlighted that the broad statements of principle about the importance of adult learning have not been followed up by the concrete actions.

The reasons are not difficult to identify, and they are not unique. First, adult learning is very wide-ranging. It is lifelong and covers the demand for skills from employers and their workforce, young people who leave school early and well-qualified young people entering the labour market, adults with skills who want to upgrade them, adults with few skills and who need basic literacy, mathematical, scientific and vocational skills, unemployed people of different ages and with different skill levels who need to be better equipped for the new labour market and a wide range of vulnerable or special groups that need

training and employment support. Adult learning has also to underpin and be integrated with the countries' economic, employment and social policies and measures. It consequently crosses the economic, employment, social and financial boundaries of ministries. Ministries of education often assume the lead in adult learning, but they are not structured to deal with the wide-ranging and cross-cutting issues it encompasses. Their main focus is on initial education and training issues, including qualifications, curricula reform, pedagogy, teacher training, quality assurance and special needs education.

A further problem is the level of commitment within government and ministries to transform adult learning. There is, for example, no coherent, comprehensive adult learning policy or shared vision for its development. Responsibilities for different aspects of adult learning are split between different ministries and incorporated into wider areas of responsibility, so the visibility of adult learning within ministries can be quite low. The development and implementation of a credible adult learning strategy has to involve all the relevant ministries.

Another difficulty in developing policy on adult learning is that there is insufficient information on the demand for learning and on the skill needs of enterprises and individuals. There is some, limited information on current needs and trends but there is no research into future skill needs of the economy and society. This makes it virtually impossible to determine rationally what the priorities in adult learning should be. There is also no central information on training offers, although some of the gaps are well known in general terms, such as the lack of training opportunities in new technologies, entrepreneurship, management training and training for medium-sized and small and micro businesses. The needs of the long-term unemployed are broadly recognised to be basic or relatively low-level skills training, but training provision is well below potential demand and unevenly distributed. The exact needs of long-term unemployed individuals are

not known, since there is, in general, no assessment of their current knowledge levels, on which training courses could be built.

### Resources

The lack of sufficient resources for adult learning is a major problem that needs to be addressed. Expenditure on education is inadequate to meet the major reforms needed in all sectors of education, both for young people and for adults. All the governments in the South Eastern Europe region clearly recognise this problem because the lack of financial resources has inhibited not only the development of adult learning but all education and training reforms, and some countries and territories rely exclusively on external funding for them. Given all the other financial pressures on the public purse, the aim of increasing expenditure on education and training and, in particular, adult learning, will be hard to achieve. Funds for adult learning come from several sources: government, employers, individuals and donors. The challenge for South Eastern Europe is to make the best use of existing resources, to increase resources from all sources and to ensure these are used to maximum effect. A first step is to know the current level of funding for adult learning from all sources, i.e. public, private and donor funding.

The total amount of public funding allocated to adult learning and the percentage allocated to certain types of learning are unknown. While education ministries have data on primary, secondary and tertiary education expenditure, it is not broken down into expenditure on adult learning. This is not surprising. Since most countries and territories do not have an explicit policy focus on adult learning, there is no demand within government for transparent accounts on expenditure in this area. Yet, the information can be pieced together by making systematic changes to the way financial information is collected from the different education and other ministry departments where there is expenditure on adult learning, e.g. retraining the unemployed, and on training undertaken as part of integrated



#### 4. CORE ISSUES AND PRINCIPLES IN DEVELOPING COHERENT, COMPREHENSIVE ADULT LEARNING STRATEGIES

programmes for certain groups such as war veterans.

The level of private investment in adult learning is also unknown because there is no financial data collected on how much enterprises and individuals contribute to the overall adult learning effort. Collecting such information is not easy and is costly. There is more information about the funds provided by donors, including funding for integrated EU programmes, which provide training as part of wider initiatives (e.g. in labour market restructuring, local partnerships, small enterprises) and bilateral donors.

It is not only the total amount of adult learning expenditure including public, private and donor sources that counts. It is important to balance efficiency and equality goals in the allocation of resources. This depends on identifying priorities, setting targets and evaluating the impact of expenditure. In the absence of clear priorities and evaluation frameworks for adult learning, it is not possible to measure whether such a balance is being achieved.

To sum up, the total expenditure on adult learning is unknown, although the overall level of resources being spent on it by government, enterprises and individuals is insufficient. Moreover, there seems to be no clear rationale for the allocation of resources between the various areas of adult learning. This is partly because priorities have not been set, partly because there is no single point of responsibility for collating the total amount allocated to adult learning and partly because of the difficulties and costs of collecting the information. There is no model for defining responsibilities in adult learning, and hence for expenditure across the field. An important part of a strategy must be to articulate such a model.

##### **A unified government approach and partnerships**

The effective planning and delivery of adult learning provision has to involve the whole government, as well as many stakeholders. This can only work well through effective partnership working.

A conscious effort needs to be made to cross ministerial boundaries, mindsets and practices and to embed interministerial collaboration as part of normal working practice in adult learning. An integrated or whole-government approach is needed that involves all the relevant ministries, especially education, economy, labour and social welfare, finance and to some extent other sector ministries. Key issues are how to put the skill and knowledge needs of the workforce at the centre of adult learning developments; how to engage employers and get them to participate fully in, for example, employee development, apprenticeship training, labour market intelligence, including analyses of skills needed by different economic sectors and the development of national qualification frameworks; and how to ensure more equal access to adult learning across the board. Other challenges include integrating skills and knowledge comprehensively into economic, employment and social policies, and ensuring that different actions, programmes and initiatives are complementary. Stakeholders also need to be involved consistently in monitoring and evaluation.



Photo: ITCILO/M. Montesano

## DESIGNING ADULT LEARNING STRATEGIES

A unified government approach to adult learning relies on a consensus of ministries and their agencies on policy priorities and objectives, funding principles and partnership working to implement developments. It requires joined-up thinking at national and devolved levels between ministries and their agencies, and cooperation between them at all levels. This involves horizontal as well as vertical coordination and collaboration to ensure that ministerial policies and initiatives complement and reinforce each other and to enable joint, collaborative action between ministries and partners. A good EU example of interministerial collaboration is the Swedish Adult Education Initiative 1997-2002. This was an extensive programme run by the Ministry of Education supported by the Ministry of Labour that enabled 800,000 adults over five years to upgrade their skills to upper secondary level. Unemployment benefits provided economic support for adults to follow full-time training (see Annex 1).

Another good example was the 'Programme of the 5,000' in Slovenia, where the Ministries of Labour and Education worked together to train 5,000 adults. The programme aimed at increasing their educational level on the one hand and supplying skilled workers for occupations in demand on the other.

An integrated approach brings several advantages: ministerial policies and programmes are more likely to be mutually reinforcing, the risk of duplicating action and expenditure is reduced, and more optimal use of public funds is possible. Support from the top, new inter-ministerial coordinating structures, and designated personnel within individual ministries with responsibility for adult learning and working with other ministries and stakeholders are needed as is capacity building.

Governments have an important strategic leadership role to play in adult learning to raise participation, develop coherent policies supported by legislative reforms, identify priorities for development in consultation with stakeholders, and gain broad consensus on action to achieve these priorities through partnership

working. They need to set priorities and balance competing demands, such as:

- the development of the training market;
- encouraging (co-)investments in learning by employers and individuals;
- pump-priming learning in enterprises;
- programmes for small or micro enterprises;
- programmes to support training for (re-)integration into the labour market;
- support for vulnerable groups;
- support for those who are willing to learn but cannot afford to do so.

It is impossible for governments alone to develop effective measures to meet all these demands nor can they finance them all from the public purse. Their role is to promote, foster and encourage developments by raising awareness of the value of learning in society, empowering stakeholders, particularly the social partners, and working in partnership with them.

How do the South Eastern European countries and territories stand in the development of partnerships? At the highest level there is a great deal of debate about the importance of education and learning. Some social partnership arrangements exist at different levels, including the economic and social councils at national level. But this is misleading in the context of working partnerships. Several recent reports, including the OECD's review of education policy and the ETF's vocational training peer reviews, have pointed out that in none of the countries or territories is work between government departments and the social partners really effective, and that effective partnerships are lacking at all levels.

In some ways this is not surprising. Countries and territories in South Eastern Europe have only recently emerged from highly centralised systems of government and administration, in which there was little tradition of action-oriented partnerships. The social partners are in general not sufficiently involved with government, either in the development of the economy or in education and training. Yet they are key agents of change and have important roles

#### 4. CORE ISSUES AND PRINCIPLES IN DEVELOPING COHERENT, COMPREHENSIVE ADULT LEARNING STRATEGIES

##### ***Example of good practice: Kragujevac partnership, Serbia***

*Project aim:* The aim was to help people back into employment or self-employment through training partnerships and joint action between institutions.

*Stakeholders involved:* The stakeholders were municipalities, regional authorities, trade unions, employment offices, employers, chambers of commerce, employers' associations, accredited adult learning institutions, the national employment agency and the Ministries of Labour and Education.

*Working arrangements:* There was a formal, signed agreement between stakeholders, the steering committee, technical administration and autonomous working groups.

*Success factors – capacity-building and learning by doing:* These include study visits, learning from others, team building and tendering/project management; representation (the importance of having a respected leader and credible representatives); good project management; built-in monitoring and evaluation. Employment agencies and partners, not education institutions, are in the driving seat.

*Lessons learned:* The project reinforced the importance of investing in people; the need for vertical links and lobbying at national level; the value of informal learning settings/trainers working closely with trainees; and the specific problems of survival of small and micro enterprises and of meeting their training needs (the need for special provision).

*Outputs:* The outputs of the project were modularised training integrating occupational and core skills and practical training, and management training for enterprises.

as promoters, organisers, providers of intelligence and funders of adult learning. Existing social dialogue arrangements do not provide a sufficient platform for debate or pressure to drive forward developments in adult learning. In the tripartite or consultative bodies, government decision-making dominates. Insufficient understanding across the political spectrum of the key issues in adult learning and how these can be addressed through collective effort are also constraints. Social dialogue in adult learning needs to be strengthened through building the capacity of the social partners together with that of ministries.

A key issue for vocational training is how to ensure programmes and provision meet the skill needs of national and regional labour markets. This is equally important for adult learning, which has to ensure appropriate and sufficient provision for a

broad spectrum of adult learners. It is easier to meet employer and individual needs if complementary planning and delivery takes place at local and/or regional levels as well as at national level. Steps have been taken in some South Eastern European countries and territories to decentralise education and training services, but there is often little scope below national level for debate on adult learning. The lack of partnerships is also more evident at regional and local levels, although informal networks of providers or community organisations exist. The adult learning strategy will need to outline appropriate structures and strategic partnerships at national and regional or local levels, how to build the capacity of partnerships and how these can be sustained in the long term.

Local partnerships are developing, especially within the framework of projects sponsored by foreign donors. One example is the partnership established under an EC CARDS project<sup>7</sup> in Kragujevac (Serbia).

### Support structures

To be effective, adult training strategies have to adopt a systemic approach to planning, implementing and assessing policy and its outcomes. There are some weaknesses in South Eastern Europe in the support structures that underpin education and training, and in particular adult learning. These are briefly listed below, and dealt with more thoroughly in subsequent sections.

- While expertise on general pedagogy and pedagogy for adult learning (andragogy) does exist along with Institutes for Education and, in Croatia, the Andragogical Centre, involved in adult education, they are often underresourced. There does not appear to be any central policy or resource for adequate scientific research work and development projects in the field of adult learning.
- Although some employment services carry out labour market surveys, there is often no systematic process for identifying skill shortages or anticipating future skill needs. Overall, there is a lack of research into the skill needs of economic sectors, the unemployed, vulnerable segments of the population or into ways of addressing skill shortages or gaps in provision.
- Most countries and territories do not have a national qualification system, although developments in this respect have started in some countries.
- There is no comprehensive quality assurance system, which is why the validity and effectiveness of much adult learning is not known.
- There is little evaluation of what is on offer or the outcomes, or whether these have benefited the individual or the economy.

## 4.2 THE OBJECTIVES AND PRINCIPLES OF THE STRATEGY

The overall objectives of the adult learning strategy may be summarised as improving the competitiveness of the economy and the labour force, raising the average skill level of the workforce, making people more adaptable and able to accept and cope with change and promoting the social aims of equality and participation. These are general lifelong learning aims that relate to initial education and training and adult learning. They are also in line with the general objectives of the EU's economic and lifelong learning strategies. More explicitly in this report, the emphasis is on adult learning for employment: it focuses on workforce development and employability skills that enable adults to compete in the open labour market.

In order to achieve these objectives and to help overcome the difficulties of the current situation of adult learning in South Eastern Europe, strategies will need to be based on a number of principles of good governance, which include the following:

- Government provides a clear policy lead in adult learning.
- Responsibilities in adult learning are shared between government, the social partners, other stakeholders, providers and individual learners who all have an important contribution to make to adult learning.
- Partnership between government and other stakeholders, particularly the social partners, is essential in all aspects of adult learning development from policy and strategy formulation to action planning and implementation. Partnerships have to be effective agents of change.
- The provision of formal institutional learning opportunities and non-formal opportunities for example at work or in the community – the supply side – has to be readily accessible, flexible in terms of delivery, pedagogy and choice of options and more diverse in terms of learning offers, modes and settings.

<sup>7</sup> The term 'out-of-school' system in Hungary denotes all provision by training centres or other institutions that do not form part of the 'regular' public school system.

## 4. CORE ISSUES AND PRINCIPLES IN DEVELOPING COHERENT, COMPREHENSIVE ADULT LEARNING STRATEGIES

- Adult learning provision has to be learner-centred and responsive to the needs of individuals, enterprises and the economy rather than provider-driven or following an education logic.
- Measures have to balance support for employee development, training for the marginally employed, training and work experience for registered job-seekers, programmes for people with low skills and other disadvantaged and vulnerable populations in order to meet economic, employment and social objectives.
- There must be a rational financing system that provides appropriate signals to those involved in providing or undertaking learning, achieves a balance between efficiency objectives, for example by raising participation in adult learning generally, and equality objectives by raising participation among underrepresented individuals or groups, while at the same time ensuring value for money.

### 4.3 DEVELOPING THE STRATEGY: CREATING AN ENABLING ENVIRONMENT

The strategic objectives of an adult learning strategy are achieved through a series of specific measures, each of which needs its own action plan, budget and implementation timetable. However, the strategy will need to be more than a long shopping list of desirable actions. The measures have to be specific, realistic, achievable, measurable and time-bound and they have to be broken down into short, medium and long-term activities. Before discussing the measures, it is helpful first of all to look at the problems that have been identified as hindering the development of adult learning in the region.

#### Establishing a learning culture

There appears to have been no real attempt in the past decade to develop a learning culture in the countries and territories in question. Economic collapse, unemployment and growing disadvantage and poverty have had a negative impact. Learning and qualifications became devalued since they provided little protection against unemployment for many

people and often did not help much in finding work. Opportunities to learn declined and quality and responsiveness deteriorated. The strategy measures will need to reverse the decline in participation in adult learning by stimulating a learning culture. Employers and government will need to visibly and concretely signal the importance of learning for economic competitiveness and individual employability. This is all the more necessary because despite government efforts to emphasise lifelong learning in its publications, the importance of participating in adult learning has not percolated down to the general public. Adult learning is commonly equated with adult education within the formal education system and often with remedial education. In the media, adult learning as a concept is often misunderstood, press coverage is often negative (for example headlines like 'older adults forced to train!') and public opinion is strongly influenced by poor media coverage.

Many individuals regularly participate in learning to update their skills and knowledge, but most people who leave initial education and training do not undertake further structured learning. This is especially true for people who feel that the education system failed them in the past. The reasons for not participating in adult learning include a lack of knowledge of what is on offer, opportunities not readily accessible at work or in the community or of poor quality, costs, and simply a lack of interest. There are exceptions, of course. When a crisis occurs, such as a factory closure, demand for retraining increases, some highly motivated people actively develop their competences, and many employers, particularly large employers, invest in the development of their workforce. However, there is, as yet, insufficient pressure from the workforce as a whole, from the trade unions who represent them, and from many enterprises, to increase workforce learning. Surveys also show that small and medium-sized enterprises do not consider training as one of their core functions. Many enterprises do not have business plans and those that have them do not necessarily see employee development as central to their achievement, nor do they

value training as a means of recruiting and retaining effective workers. Increasing the demand for learning and raising the value of learning is critically important.

In promoting a learning culture, emphasis needs to be placed on raising the value of learning in society. Promoting learning can involve a wide range of specific promotional measures. General and targeted national, regional or local action plans that complement each other are useful. Whilst government would take the initiative, it would work in association with the social partners and other stakeholders including the media. Joint trade union and employer approaches at local level are also effective. Specific promotional activities include learning festivals, industry-led, local learning and media campaigns, workshops and seminars. Disseminating good practice, case studies, local or foreign projects and the positive experience of individuals concretely illustrates the benefits of learning, without pretending that learning can solve all problems. Implementing action plans has to be professional, carried out, for example, by the media or other organisations under contract to national or local government. In South Eastern Europe, people's open universities or workers' universities, in collaboration with their foreign partners, such as the German organisation IIZ-DVV, have been active in organising events, such as learning festivals. Although these one-off initiatives are useful, the benefits and impact would be greater if they formed part of wider national and local action, undertaken by government and stakeholders. Promotional measures on their own are not enough. They need to be underpinned by measures that provide incentives for learning and improve the quality, relevance and responsiveness of learning which reinforce the message that learning pays.

To sum up, implementing adult learning strategies, creating diverse learning opportunities for all and raising participation hinge on whether governments and stakeholders collectively and independently play their full part in promoting a learning culture and increasing the value of learning for enterprises and individuals. The role of government is to lead from the front.

### **Having a unified approach to strategy formulation and implementation**

If the bold statements in the education policy papers are to mean anything, adult learning must be seen as a government responsibility rather than the preserve of one or two ministries. The government has to take the lead in developing and finding the resources for adult learning in consultation with key partners. This means that all the relevant ministries have to contribute, within their areas of responsibility, to the formulation of the strategy and its implementation, which is a long-term commitment. Determining ministerial responsibilities and departmental budget commitments to adult learning, having a shared vision, agreeing priorities and adopting an integrated approach is complex, but necessary for the coherent and comprehensive development of adult learning, the optimal use of public and private resources and mutually reinforcing actions. Divisions between ministries and uncoordinated policies and actions tend to result in less optimal development, for example duplication of structures and initiatives and lack of integration. Even within the ministries of education or their executive institutes, responsibilities for adult learning are often split between educational sectors, resulting in less visibility and importance for adult learning.

Notwithstanding the point that all relevant ministries need to be involved in formulating an adult learning strategy, there also has to be a lead ministry with overall responsibility for its planning and implementation. The lead ministry is likely to be the education ministry, albeit with a revised mandate, but it could equally be another ministry, for example, the ministry of labour, given that the latter is pro-active in important areas of adult learning (e.g. retraining the unemployed and initiatives for disadvantaged segments of the population) which are core components of adult learning, or even the economic ministries given the contribution that workforce development can make to increased competitiveness.

#### 4. CORE ISSUES AND PRINCIPLES IN DEVELOPING COHERENT, COMPREHENSIVE ADULT LEARNING STRATEGIES

Whichever ministry has lead responsibility, all the relevant ministries have to be fully engaged in the strategy development process. There has to be a central policy point in the lead ministry, invested with real authority to involve other departments and to liaise with other ministries. Similarly, each ministry will need its own contact point and authority to influence its departments and liaise with the lead ministry and other ministries and partners.

The formulation and implementation of an adult learning strategy requires new approaches, new ways of thinking and the ability to juggle with different terminology (lifelong learning, adult learning versus adult education, formal, non-formal and informal learning, continuing training, skills upgrading, retraining, human resources development, providers versus schools, competences, learning outcomes and qualifications, quality and accreditation, recognition of prior learning and of qualifications, etc.). The work of the education ministries has traditionally focused on formal, public education institutions. Whilst these have a role in providing adult learning opportunities, it is not an exclusive one and more diverse non-formal opportunities will become increasingly important. This raises several issues, such as the freeing up of public funding for private providers, quality assurance, as well as the recognition of prior learning and experience.

New structures are needed. The national strategies propose coordinating structures at national and regional levels. Working groups on adult learning have been established, such as the cross-ministerial and stakeholder teams. Montenegro has even set up a Commission for Adult Education. A national council for adult learning could be an effective central point for debate and consultation, depending on its remit and membership. In order to provide effective input into thinking and national debate, such a body would need a wider perspective than traditional adult education and would include human resources development, training and retraining and cover not only formal but also non-formal and informal forms of learning. Its remit, membership and

structures would have to reflect the range of interests in adult learning. Equally, adult learning legislation has to reflect the broad scope of adult learning. A national adult learning council – or, in the case of Kosovo, a national economic and human resources development council given the emphasis on competitiveness and employability – would be a useful mechanism for providing informed opinion and advice to the government on strategy proposals and action plans. Its role could also include support for developing action plans and facilitating their implementation. It is, however, important that the strategy and policy lead remains with the government and with the lead ministry, in close collaboration with the other ministries.

#### 4.4 PARTNERSHIPS

Over the past two decades, partnership working has become embedded systematically into EU and Member State policies, strategies, ways of working, programmes and individual projects. An important catalyst for partnership working is the shift in governance away from central control to frameworks that empower stakeholders. Decentralisation has empowered regional and local actors, and new concepts such as ‘learning regions’ and ‘knowledge regions’ have been important catalysts in promoting learning. It is now widely accepted in most countries that involving the social partners in the development of vocational training services results in qualifications, courses and provision that better meets economic needs and the skills needed by enterprises and individuals. Given the many interests in adult learning, the wide range of potential needs and the diversity of policy responses required, involving key partners is even more important. South Eastern Europe is not well advanced in the development of effective partnerships in learning, as mentioned in Section 5.1. Both OECD education policy reviews and the ETF vocational training reviews made recommendations for creating partnerships in these areas, but also highlighted the difficulties.

Taking account of experience elsewhere and the country strategies (see Chapter 4 above), it is possible to propose a structure, which could be adapted to individual country circumstances. At the national level, there would be a strategic partnership between government, the social partners and other key stakeholders that would involve senior representatives from the social partners, all the relevant ministries, the new (macro-)regions and the employment service. The work of the national partnership could be carried out by a national council or some such body, provided that its remit covers all forms of adult learning and not simply education covered by the current education ministry's remit. To have more than one top-level council dealing with adult learning issues would work against coherence and integration and be a waste of resources. At the same time there would need to be regular contact between the lead ministry and the social partners and others to exchange information and develop ideas.

The task of this partnership could be to define the adult learning strategy, to determine priorities in line with government guidelines and to define responsibility for delivery. In addition, its tasks might include:

- overseeing the drafting and monitoring of National Employment Action Plans in line with the European Employment Strategy and its guidelines;
- the general supervision of infrastructure and support structures (see Chapter 7);
- the overall planning and monitoring of national, EU and other donor interventions in partnership with the institutions in charge;
- the supervision of the work of lower-level partnerships.

Some partnerships already exist below national level at county and local level, especially in the framework of donor-funded projects, but they are not learning and skills partnerships which would need to involve the social partners, local government, the employment service, some key training and education representatives from e.g. regional training centres, schools, colleges, adult and higher education institutions and private training

providers and civil society representatives. Their activities would link into the regional or local development effort in the same way as the national partnership would link into national measures for developing the economy and society. These regional partnerships are particularly important for bringing the planning and delivery of adult learning closer to where people live and work and ensuring provision meets both national and regional labour market needs more effectively. These partnerships could have the following tasks within national guidelines:

- to identify the main learning needs for their areas through labour market assessments;
- to assess the supply of learning opportunities and how provision might be developed;
- to coordinate research and survey work;
- to assure the quality of education and learning within the region;
- to assist the employment service in provision for unemployed people;
- possibly to allocate government and donor funding within the region.

There is a debate as to whether these regional partnerships should operate at the level of the macro region or at county or municipal levels. Whatever the level it has to be appropriate for the particular country, and the partnership has to have the capacity to carry out several strategic functions. Very local, community, neighbourhood or provider partnerships play a part, but there is a distinction to be made between strategic partnerships with formal responsibilities and links to national partnerships and less formal and more fluid local, community partnerships that come together to develop and implement specific actions that support the wider regional or local effort. These help to ensure learning provision meets the requirements of localities and they can facilitate links between enterprises and schools, an area that needs more development in South Eastern Europe. What is important is that there is cross-fertilisation of ideas and experience between different levels and that actions at national, regional, local and community levels complement each other.



#### 4. CORE ISSUES AND PRINCIPLES IN DEVELOPING COHERENT, COMPREHENSIVE ADULT LEARNING STRATEGIES

Photo: ITCILO/F. Decorato



The structure of national, regional, local and community partnerships outlined above and the need for coherent and complementary action at different levels reflect the importance of ensuring that adult learning contributes to achieving national economic and social goals, is more market-oriented and that there is a sufficient supply of high quality learning opportunities to meet the diverse needs of enterprises and adult learners across countries. How structures develop in individual countries depends on many factors, such as country circumstances, current devolved structures and capacity, as well as willingness and capacity to engage with stakeholders. In Bosnia and Herzegovina, for example, there are 13 education ministries, 13 labour ministries (10 cantons, 2 entities and the state level authority), which has resulted in fragmented approaches. The challenge for Bosnia and Herzegovina is to have a more coherent human resources development framework with an over-arching adult learning policy and structure at national level able to connect with the decentralised authorities and local partners to allow coherent development. In Kosovo, although financial governance and administration in education was decentralised to municipal Education Directorates, adult training and

employment services are managed and monitored at the central level, but these are new developments in Kosovo and central level responsibility is important to ensure coherence and consistency in policy applications and service delivery.

The creation of effective adult learning partnerships is not easy and the experience of other countries provides some useful lessons. First, partnerships need to be taken seriously by all concerned and given a real job to do. They will not work if they are mere talking shops. The purpose of partnerships is to build consensus on appropriate solutions and to facilitate their implementation. They enable informal learning through regular contact with other partners that leads to a better understanding of common skill challenges. Partnerships that rely on consultation and open dialogue are more effective and they work best when there is legitimacy, mutual respect, a shared vision and common goals, and when partners have a genuine desire to work together. Effective partnerships cannot be created quickly as it takes time for mutual trust to develop and for partners to understand the agenda of others and to appreciate the constraints under which they work. Partnerships need to attract high calibre members. The national, regional and local strategic partnerships have to be sustainable over the long term to ensure continuity in the development of adult learning.

Capacity building is needed to make partnerships effective and to develop expertise. This is very important for South Eastern Europe. Both the OECD and ETF studies pointed out that in the field of education and training neither employers nor trade unions currently had the capacity to play their full role in partnerships below national level. It is therefore essential that substantial capacity building, making use of international experts and experience, is available to partnerships, before and after they have been established.



## 5. THE STRATEGY

# 5

This section looks at possible measures to implement the strategy in South Eastern Europe, in the light of the core problems identified earlier. Choices will need to be made. Should the countries take a selective approach, pressing ahead with a few measures, or advance on a broad front? What is likely to be the most cost-effective use of limited resources? What are the political, economic and social priorities of the government in the field of adult learning? Which approaches are likely to provide a good basis for further improvement? The following three sub-sections illustrate how some of the key problems in adult learning might be tackled, and where responsibility for action lies.

### 5.1 IMPROVING BASIC SKILLS

The issue of basic skills has a number of elements: illiteracy, low basic foundation skills and deficits in key competences. Illiteracy in South Eastern Europe is not a major problem, although there is a higher incidence of illiteracy among certain groups

of the population, which needs to be addressed. There is a bigger problem of functional illiteracy, with large numbers of people over the age of 15 who did not complete primary education and left school with low basic foundation skills. Deficiencies in key competences are also a major problem.

Tackling functional illiteracy has to be a national strategic goal, with the aim that all citizens should complete education at least up to the end of primary school. The lack of basic foundation skills is particularly evident among unemployed individuals, but the problem of low skills also affects some employees. Employers are reluctant to recruit low-skilled individuals, not only because they may not have the appropriate skills for jobs that are currently available, but also because the lack of basic skills can be an obstacle to their acquiring further skills. The long-term aim has to be that the majority of the population acquires the demanding list of key competences identified in the EU framework (European Commission, 2005).

## DESIGNING ADULT LEARNING STRATEGIES

Responsibility for addressing basic foundation skills, the allocation of resources and the development of appropriate measures clearly lies with government as these skill deficits reflect a failure of the formal education system to provide adequate learning for all citizens. As a rule, employers have little interest in low-skilled unemployed people and individuals themselves cannot afford to pay the costs. Tackling basic foundation skills is not easy because of insufficient financing and personnel with the relevant expertise, weaknesses in services and provision as well as other obstacles. Motivation can be a problem, people may not want to 'go back to school', they may not be interested in learning or they may be working in the grey economy. It is also not easy to convince people that improving their basic skills, while there is no guarantee of employment, will improve their chances in a closed labour market. In tackling basic skills there needs to be a systematic process to assess people's skills to determine the level and type of training needed and appropriate learning opportunities have to be available. There are gaps in both these areas. Moreover, improving basic skills and key competences is more likely to be successful when learning is meaningful and relates to people's work and life situations (see section 7.2). In addition to basic foundation skills there are also technical and occupational skills that need to be integrated into the curriculum.

The employment service is responsible for the registered unemployed, but not for people who do not register. Provision also needs to be made for people with low skills who are not registered as unemployed and who may be even more difficult to reach and less motivated. It is important to find ways of attracting them back into the labour force and providing them with the skills they need. Experience in EU Member States suggests that contact with 'hard to reach' people can be made through local and community outreach services and initiatives, through civil society organisations working in the community and through locally-based provision.

However, it is not always clear where responsibility lies for basic skills training for people who are not registered as unemployed or inactive people.

The amount of training provision in basic foundation skills is insufficient and it is not spread evenly across the countries. An action plan to increase the supply, geographical coverage, quality of opportunities, involving partnerships as described above at regional and/or local levels, is needed. Each of the partners has a contribution to make to the design and successful implementation of appropriate measures. Employers can make a valuable contribution by providing information on what key competences are likely to increase prospects for employment and, over time, may be able to offer work placements. The *quid pro quo* for employers would be help with skill deficits among their own employees. By working together, the partners would be able to develop local services and adjust provision to meet the scale and pattern of demand.

Many providers, including general and vocational schools, regional training centres, people's open universities, private training organisations and NGOs, could provide opportunities on contract to government. However, investment would need to be made in teacher training and developing adult-friendly learning environments and processes as formal institutions generally have little experience with low-skilled adult learners. Whilst ministries may prefer to work through formal public institutions which could take on responsibility for basic skills training, there are advantages, and perhaps greater flexibility and potential higher quality, if training is opened up to a wider range of providers and is contracted out following a competitive bidding procedure. The involvement in the process of NGOs that are closer to 'hard-to-reach' populations could be an advantage. The partnership would need to monitor and evaluate the effectiveness of the different providers.

## 5.2 SKILLS FOR THE MARKET ECONOMY

Many people who are unemployed will need more than basic education and training. They may have skills which need to be updated, and they may wish to acquire occupational skills to equip them for employment in new or growing industries. These people need help before they undertake training to assess their current stock of competences and whether they have the appropriate prior learning and experience for what they want to do. Some may not have a clear idea of what they would like to do and therefore need advice based on their current capabilities and potential. One possible source of such counselling would be the employment service, but there may be other sources of counselling which could be used, for example, through NGOs, employers and their associations, and training and recruitment organisations.

Some skills required in a modern economy are not highly technical ones with long training periods. As the service sector expands in South Eastern Europe, more and more jobs need personnel with social or 'soft' skills, which ideally should be inculcated in school but which many adults may lack. In countries and territories where the hospitality industry – tourism, hotels and catering – is likely to be a significant source of jobs in the future, the provision of these soft skills is important.

Improving the skills of those in work has to be a central component of the adult learning strategy. The general approach in most European countries is that employers should be responsible for training their own employees as they know best what their training needs are. Since the benefits of skilled workers accrue to the company, the company itself should bear the cost of training. This approach has not been entirely successful in ensuring a sufficient level of company training to meet business objectives and individual employee skill needs. Many companies in South Eastern Europe do not carry out as much training as is required, preferring to attract trained people from other firms or from the labour market. Some do not appreciate the need

for training or its value, while others, when under serious cost pressures, cut back training budgets. Large firms tend to appreciate the need for employee development and have the capacity to manage human resources development. As mentioned in section 2.2, the take-up of training is less optimal in the case of small and medium-sized enterprises. They are unlikely to have specialist HRD staff able to push forward such development, and it is more costly and difficult for them to give employees time off for training.

In many EU Member States, governments have intervened in company training to try to achieve a more efficient solution. What lessons can South Eastern Europe, which has the additional problem of companies trying to adjust to the market economy, learn from its experiences? Possible approaches to intervention include the following.

- a. Legislation could be introduced requiring firms to allow employees paid leave for a certain number of days for training. This can be difficult to police, but the main problem is that without detailed and potentially burdensome regulation, there is no way of ensuring that the training is appropriate to the individual's or the economy's needs. The main reason for introducing or supporting such legislation in the countries and territories in question is to signal the importance of training. This may be particularly relevant to small firms whose workers have less opportunity to train. Another approach might be to encourage enterprises to give their employees paid study leave to undertake learning which would be useful to the enterprise.
- b. Subsidies for training could be provided. This raises questions of whether subsidies should be general, which is a costly approach, or specific to particular kinds of training. If the latter, how would these be defined? A problem with subsidies is 'deadweight', which occurs when the subsidy is given for training that the employer would have carried out in any case, so that training costs are transferred from the employer to the

public purse. There may be transitional reasons for introducing subsidies as an explicit signal of encouragement to employers to train, particularly in small and medium-sized enterprises, quite apart from the possible short-term inefficiencies. A related point is that the tax system should not hamper the acquisition of skills. Imposing value-added tax, and thus higher costs, on education services, as is the case in some South Eastern European countries and territories, is a clear disincentive to learning.

- c. Levy schemes could be introduced (see also Chapter 8). Despite the fact that certain interventions have drawbacks, including the difficulty of controlling them, their doubtful cost-effectiveness and their diminishing impact over time, they should not be ruled out for South Eastern Europe. Financial incentives can be a short-term pump-priming device to give a clear signal to enterprises of the importance of training. Where there is clear evidence that financial considerations prevent companies from training, the case for providing targeted financial incentives can be made. It may be possible, for example, to provide free or subsidised assessments of training needs or of the existing stock of skills for small and medium-sized enterprises, or to fund training for workers under threat of redundancy in enterprises facing restructuring, on the grounds that it is more cost-effective to intervene before these workers become unemployed. Joint funding arrangements between employers and the employment service are also useful, for example in apprenticeship schemes, where the employer may cover the cost of wages and the employment service the direct costs of day-release training.

Reinforcing employer investment in learning can be achieved through incentives that do not directly fund training. For example, the UK has an independent national award, Investors in People, which is given to companies that demonstrate that they have related their human resource planning to

business plans, and that their employees are fully aware of their company's objectives and plans for their own development. This award is valued by companies as it gives them national recognition as leaders in the field. A similar approach would be to give an award to companies for excellence in training. Both approaches help to build a learning culture in enterprises.

Financial incentives for individuals to undertake training also boosts participation, as demonstrated in, for example, Hungary (see Chapter 3). Such incentives can include tax reductions for those who train, and study loans to acquire expensive higher-level skills or higher education qualifications. Such loans can be difficult to administer and relatively costly, since the loan is repaid, probably through the tax system, over many years. Other possibilities are individual learning accounts and tax credits for expenditure by individuals on approved training. A common problem is how to define the scope and level of learning that could be approved under such schemes. A weakness in a number of these schemes is that their scope does not usually make them suitable for people with lower-level skills.

- d. Training could be stepped up for managers. As previously outlined, this is a particularly important area of adult learning in South Eastern Europe. The disciplines involved in managing companies in the past were very different from those required of private companies that are operating in a market economy and that are faced by increasingly severe local or even international competition. In the previous industrial structures managers did not need to concern themselves unduly with increasing productivity or training their workers for new tasks. Owners of newly established privatised companies were often not themselves entrepreneurs and had insufficient understanding of the need to train their managers. The situation is changing. Large companies are developing good systems of management training, and

higher education institutions are developing management education studies leading to diplomas or MBAs, though there may be some question as to the quality of this training. The situation of small and medium-sized companies is more problematic, as previously mentioned. The manager of a small business may have a wide range of responsibilities and need broad-based training. However, it may be impossible for the manager to take time off for formal management training, especially if there is no immediate pay-off to the company, and the courses available may not be suitable for small businesses.

A more effective approach could be to provide managers with the opportunity to acquire relevant knowledge through non-formal short courses or seminars, through self-education and through manager networks which enable individuals to discuss their work problems and compare solutions. A good example is the learning organised through the EU-sponsored Human Resource Development Fund (HRDF) in the former Yugoslav Republic of Macedonia (see below). It is essential

that the managers who participate in workshops put into practice what they have learned. This can be a problem because these are forums for discussion, and they do not necessarily lead to improved management practice. However, workshops offer a more practical route for management training, especially for small and medium-sized companies.

The recently established Agency for Entrepreneurship and the Ministry of the Economy in the former Yugoslav Republic of Macedonia have a clear vision on training for small and medium-sized businesses:

*'The interest in training of an academic type, in classroom settings, is decreasing. Small and medium-sized businesses need to train their employees in real situations, through practical work, especially in the fields of developing managerial skills, project preparation, solving financial problems and marketing. Consequently, the government would support and stimulate projects that include training through practical work in other companies (in the country or abroad), case studies and simulations of real situations.'*

#### ***Example of good practice: The Human Resources Development Fund (HRDF) in the former Yugoslav Republic of Macedonia***

The microeconomic environment in the former Yugoslav Republic of Macedonia does not allow many business owners and managers to consider participating in learning activities. In most cases there would be no one else to run the company if the managers attended the workshops. However, some of them appreciated the idea of exchanging experience through interaction with others and attended to the meetings arranged by the HRDF.

The activities of the HRDF include developing learning groups of up to three managers each from four to six companies per group. Learning groups are organised either around specific topics, such as marketing or strategic management, or around sectors, such as tourism development. This provides a good basis for discussion. Debates between managers are structured around specific questions, offering an opportunity to exchange their experience and learn from each other. Learning takes place through interaction in the learning group, the exchange of experience and peer pressure.

Examples of good practice also exist elsewhere in South Eastern Europe. With foreign donor support, the relevant national authorities give priority to developing business support for small and micro businesses. Sometimes this extends to training in entrepreneurship, business, ICT and e-commerce skills, in line with the recommendations of the European Charter for Small Enterprises. However, the challenge for South Eastern European countries is to make good human resources development standard practice in all enterprises. In this respect they face similar challenges to those faced by EU Member States, although the scale of the problem in South Eastern Europe is much wider. Data from the EU's second Continuing Vocational Training survey shows that, on average, enterprises are not sufficiently convinced of the merits of training. The proportion of enterprises that train varies considerably between countries. In Denmark and Sweden, for example, 96% and 91% respectively of all enterprises invest in training, compared with only 11% in Romania. Workforce participation in training is also uneven in the EU. Larger enterprises (over 250 employees) train more than small enterprises (10–49 employees), and enterprises in the banking and financial sector provide the highest percentage of training.

Notwithstanding the improvements in some parts of business, the general view is that in South Eastern Europe, management training and the need for managers to engage in continuous learning are not yet taken sufficiently seriously. There are several action points that could be pursued in order to remedy this.

- Formal management education courses provided by colleges and higher education establishments should be assessed in order to ensure that what they offer is in line with best practice in other more developed economies.
- In order to increase the transfer of management training expertise, existing links between institutions in one country and those in other countries, which already exist to some extent, could be expanded.
- Centres for management training could be established at regional or local level to bring together existing providers, rather than starting from scratch and developing their provision to suit companies and to meet the needs of different regional and local economic profiles and their different share of small and medium-sized enterprises. In this field as in others, the key is the flexibility and diversity of provision. The centres could, for example, improve the supply of entrepreneurship training to encourage the creation of new small businesses and to provide support for them. Good examples in this context are the Centres for Entrepreneurship established across Croatia as part of an EU-funded project implemented by the UNDP. However, sustainability of finance is an important issue, as some of the centres had to close because of lack of funds.
- Networks of companies involved and interested in management training could be established at an appropriate regional or local level. This action is likely to be taken forward by the economic and craft chambers or other employers' associations and larger enterprises which might act as mentors for less advanced companies, and in particular for small businesses.

The HRDF in the former Yugoslav Republic of Macedonia made the following proposals.

- Existing good practice should be explored and made more widely known and used. This could include the dissemination of success stories and case studies.
- All possible types of HRD should be used, and it should not be limited to training based on one-sided knowledge transfer.
- The experience and expertise of consultants and trainers needs to be enhanced, as this will lead to new and higher-quality services for companies.
- The relevance of training must be ensured by involving company managers in the design of learning activities from the start. It must take into consideration managers' practical needs, accessibility in terms of time and location, and learning styles.



- The application of what has been learned in the companies should be promoted, perhaps with the help of a mentor or coach.
- There is a need for the provision of evidence of the correlation between learning and increased competitiveness, which will help to develop a culture of learning among companies.

### **Promoting adult learning as part of wider human resources strategies**

There is empirical and anecdotal evidence that human resources play a key role in the performance of companies (Brockbank, 1999, and Cedefop, 2005, among others). Human resource practices, including training, are associated with company performance and are closely related to a company's innovative capacity. Investment in training generates substantial gains for companies. Positive training outcomes are evident in studies connecting training investment with productivity, profitability and, where relevant, stock market performance.



Increasing the productivity of companies requires that operating practices and strategies be brought to more sophisticated levels. This in turn requires more highly skilled people, better information, more efficient government processes, improved infrastructure, better suppliers and more advanced research institutions (Porter, 2004). Achieving a sophisticated human resource system in companies will help to increase the competitiveness of enterprises only when the microeconomic environment in which businesses operate is favourable.

In South Eastern Europe human resource development concepts, let alone human resource systems, are not yet well

developed in the majority of companies. The lack of strategic priorities for business development, financial resources, time, a sound understanding of what to learn and how, and adequate learning offers are often cited as the main reasons behind companies' reluctance to engage further in this field. When the business environment is favourable, managers become more aware that a company's ability to compete in a market environment hinges on having the right people, effective learning and development systems, and measures and incentives to reward individual and company effectiveness. A poor business environment generally reduces the returns on investment in HRD and training.

Human resource systems that are aligned with the firm's competitive strategy are generally thought to include rigorous recruitment and selection procedures, performance-contingent incentive compensation systems, management development and training activities linked to the needs of the business, and significant commitment to employee involvement (Becker and Huselid, 1998). Human resources professionals must be at the table when company strategies are discussed. To be credible at the strategy table, they must be knowledgeable about markets, customers and non-customers, technology in their own and in other industries, and finance (Drucker, 2001), and informed about learning strategies, demand and supply.

Training and learning form an essential component of effective human resource systems. Brockbank (1999) makes a distinction between operational and strategic learning in companies. Operational learning is required for carrying out the necessary daily work in companies: for updating on new technologies, processes and procedures, and legal rules. Strategic learning is more complex and is characterised as follows:

- it follows a long-term rather than a short-term vision for the development of the company;
- it covers the entire company as opposed to a small group or individuals;
- it provides a basis for integrating different isolated learning activities;

- it focuses on generic rather than just on highly specific training.

Strategic learning involves being informed about market trends, technology, economic and regulatory issues, and workforce demographics, and having a plan for tomorrow. It may embrace elements of research and development. Many sophisticated tools have been developed for implementing strategic learning, such as the Balanced Scorecard (Kaplan and Norton, 1996 and 2001) and the Human Resource Scorecard (Becker et al, 2001, Ulrich and Brockbank, 2005). Basic elements of these tools could be helpful for companies in South Eastern Europe.

### Clusters

Clusters are a relatively new way of assisting knowledge-sharing and learning in groups of companies, including small ones. Clusters are geographically focused groups of related businesses and institutions. They typically include buyers and suppliers, distributors, related service firms and training institutions. Depending on their depth and sophistication, they can also include government and other institutions providing specialised training, education, information, research and technical support, such as universities, think-tanks or vocational training providers. Porter suggests that clusters among related industries can have a strong knowledge spill-over effect that enhances innovation and performance. Firms located within clusters are more likely to attain competitive advantages, in terms of both effectiveness of strategies and operations (Porter, 1998, 2000 and 2004).

For medium developed countries such as those in South Eastern Europe, the 2004/05 Global Competitiveness Report of the World Economic Forum refers to cluster development as one of the key elements that distinguishes successful from less successful countries. Hence, the report suggests that these be developed as one of the principal ways to improve competitiveness. Examples of clusters in

South Eastern Europe include those in hospitality and tourism, which exist in most countries, the textile cluster in the former Yugoslav Republic of Macedonia, the pharmaceutical cluster in Serbia, and clusters in wine-making, agricultural products and footwear elsewhere in the region.

In summary, the objective is to contribute to enhancing the competitiveness of enterprises by increasing their productivity. The range of solutions is complex and inextricably intertwined with many different areas of policy, as well as with initiatives at company level. As regards HRD-related aspects of such policies, we would highlight the following three:

- Ensuring that managers of leading companies are well trained and competent will lead to better business performance and higher overall training levels. Governments and their partners from the private sector can promote this by introducing high standards in business education and management training, and by assisting intermediary bodies or other structures that support management development.
- A thorough understanding of a company's market position and how it could be improved is the basis of a strategy for business operations and for specifying the contribution that employees can make through upgrading their skills and competence. Hence, further capacity-building is necessary for the design of HRD strategies and the creation of appropriate systems.
- Managers would benefit from a better use of the power of trade associations, entrepreneurs' networks, standard-setting agencies, quality centres and technology networks. Clusters in particular have a potential to enhance companies' access to information, services, technology and specialised skills. Special programmes for managers could help them to overcome their possible hesitation in forming clusters and support the nurturing of clusters.

Three fields of support are proposed for clusters, which would further training, research and innovation.

- Specialised courses could be delivered locally to train people on cluster-related technology, the economic and regulatory environment and aspects related to HRD. Some individuals could become experts in certain clusters.
- Small laboratories could be funded within the cluster to provide local solutions to local problems. They could, for example, work on certain software required by a number of companies belonging to the same cluster. The 'tech labs' could seek to cooperate with local and/or foreign universities or research institutes. The concept of finding local solutions for local problems is a key element in a strategy to promote learning and innovation.
- An important area of support within clusters could be the use of ICT and the development of related e-skills.

Governments and their partners could complement the abovementioned efforts by

carrying out campaigns to raise awareness amongst managers about the benefits of training. A recent publication by the OECD on business clusters and the promotion of enterprise describes recent trends and suggests a range of policy measures that are important for enhancing the vitality and competitiveness of small and medium-sized enterprises in particular. This is important in South Eastern Europe, where this sector accounts for the vast majority of all businesses and for approximately two-thirds of private sector employment. The OECD (Viertel, 2006) refers in particular to:

- the need to reduce regulatory and administrative burdens affecting entrepreneurial activity;
- governments paying increased attention to entrepreneurship education and training;
- easing access to finance, technology, innovation and international markets for small and medium-sized enterprises;
- the growing importance of women's entrepreneurship;
- local policy issues.



## 6. THE LEARNING INFRASTRUCTURE

# 6

This chapter deals with a number of areas that are important for the provision of adult learning, and for the efficiency and quality of its delivery.

### 6.1 LEARNING PROVIDERS

There is a wide range of providers of adult learning in South Eastern Europe, both formal and non-formal, although there are substantial differences in numbers, geographical coverage and quality of providers within and between countries and territories. Although adult learning was severely affected by the collapse of the former system, the impact of the decline in adult learning was not evenly spread across the region. Provision was always more developed in Croatia than, for example, in Kosovo, and continues to be so today. In general, the range of providers includes some or all of the following.

- People's universities in larger urban centres offer formal and, more commonly, non-formal training. Unlike the situation in the past, most of these institutions now receive no financial support from central or local sources. There is no central source of information about the number of participants, the types of programme or the quality of provision in these institutions.
- Some vocational schools and colleges for young people also provide places for adults, and the training leads to a qualification.
- Private education and training providers have sprung up in the past ten years to meet market demand. No data exists on the number of individuals who undertake training with these providers. Unemployed people are unlikely to be able to pay for training; anecdotal evidence suggests that many individuals do pay for training provided by private providers, especially as they tend to offer courses in skills which are most in demand (e.g. information technology, foreign languages and business skills). Their customers are mostly people with secondary or higher education who want to acquire new skills or upgrade existing skills. Again, there are no data available on the operations of these providers.

- Universities have in part become outlets for continuing education and training.
- Enterprises provide training for their own employees, but the level of training is low and uneven (see above) and there are gaps, especially in the small and medium-sized enterprises.
- Various informal and voluntary organisations offer learning opportunities. The role of such voluntary organisations is particularly important because they operate at local level and integrate learning with the development of the communities they serve. However, their activities often depend on donor funding.

The adult learning strategy must make the best use of all adult learning providers in order to meet the needs of individuals and the economy, but this presents some problems. First, there is little information on the numbers and types of provider, their activities, their clients, and the quality of their provision. Filling this information gap is a major task. The information could be gathered at regional and local levels as appropriate, and could be aggregated at national level to provide a national overview. Once this information is available, it should be possible to identify serious gaps in provision at different levels and in different areas. This mapping exercise is likely to confirm suspicions that major gaps exist in less prosperous and rural areas, and that participation is higher for individuals who have more skills. Information gathered in the mapping exercise would provide a steer as to how these gaps might be filled. Once the map of providers is complete, the regional or local partnership would be able to encourage networking and linkages between providers and users.

Second, where provision exists it may not be up to the task of meeting skills and learning needs. When the OECD and the ETF reviewed the activities of providers of education and training they found that, in some cases, providers were not sufficiently linked into their local economies and that the curriculum offered was not geared to the demand for new skills. Teachers and trainers were poorly paid and insufficiently trained. In general, the system lacked flexibility, both in how students could move

through and within the system and in its response to changing skill demands. These criticisms are also likely to apply to other providers. Key priorities for action are training the trainers to ensure that learning is based on up-to-date teaching practice and updating its contents to meet new labour market needs.

### 6.2 CUSTOMISING ADULT LEARNING OFFERS AND THE PROFESSIONAL DEVELOPMENT OF TEACHERS

As the demand for knowledge and competences increases in the labour market, the lack of relevant skills and qualifications can increase the risk of social exclusion. Much more attention must be given to reducing disincentives or barriers to learning in order to encourage participation generally, and specifically for disadvantaged sections of the population. There are numerous barriers to learning. They can be:

- 'policy-related, informational, including the level of access to good and timely information;
- provider-related, including entry requirements, cost, timing of provision, level of learning supports, quality of provision, nature of learning outcomes;
- situational, implying the extent to which the life situation or the social environment of adults supports participation; or
- dispositional, i.e. the self-esteem and self-confidence of the adult as a learner, often linked to failure in previous educational experiences)' (European Commission, Directorate General for Education and Culture, 2006).

Some people with low skill and poor educational attainment levels see learning as a threat. They may have bad memories of their previous learning experience and low self-esteem, and may never have felt at ease in formal education. Offering them the same school menu with minor adjustments in the same institutional setting may be a disincentive rather than an incentive to learn. If reluctant learners are to be encouraged, very different approaches,

## 6. THE LEARNING INFRASTRUCTURE

settings, learning processes and relations between teachers and learners will be needed.

### **Allowing adult learners more influence on how to shape learning**

In the traditional didactic triangle of learning content–participants–teachers/trainers it is important to focus on adults. Adult learning differs from other types of learning, and we need to understand how adults learn, what motivates them, and how learning can be relevant and meaningful for them. It is of paramount importance for course planners and teachers/trainers to understand these differences. Many adult learning theories claim that adults would, unlike young people, always volunteer to learn and ‘take responsibility for their own learning’. This may be true in the case of highly motivated, well-qualified adult learners, but it is not true for many adult learners, especially those with poor education or skill levels. Changing learning processes and practice is difficult. Many adult trainers have found that learning situations geared to adult participants reverted imperceptibly to traditional teacher–learner relationships. It is not easy for adult trainers to establish a learning situation that enables effective learning. This requires insight, empathy, respect, patience and above all a capacity to get participants to understand and accept that they themselves will need to participate actively in the process, and take the initiative and responsibility for their own learning.

What really matters as regards adult learners’ learning, motivation and learning outcomes? A number of projects have researched this question over the years (see, for example, Jarvis, 1987, Ellström et al, 1996, and Illeris, 2000, among others). The focus of the projects was on adult training for average or low-qualified learners. The research results showed that there are clear differences in learning patterns depending on the labour market situation, gender and age of adult participants. Predictably, people with permanent, stable jobs look in a target-oriented way for courses that offer competences of immediate or future use in their jobs. Anything beyond that tends to be rejected or to be of much less interest to them, except when the course content is of

personal interest. In contrast, unemployed adults or those with insecure jobs are frequently more open to new areas of learning but, as a rule, only to the extent that they believe the learning outcomes are likely to increase their job or life opportunities.

The research evidence also suggests that it is possible to distinguish between three generations and, within each generation, between males and females. The oldest generation (aged 45 years and above) hesitate the most to ‘go back to school’ and stick to the old, well-practised student roles with which, paradoxically, they are uncomfortable. Male learners are on their guard and protect their own self-respect quite aggressively. Female learners often express gratitude for having the opportunity to learn something new, but this implies passive acceptance rather than active participation in learning. The middle generation (aged 30 to 45 years), who form the majority of adult learners, are usually interested in learning. However, it is particularly in this age group that the tug-of-war over the student and teacher roles takes place. When traditional teacher–student roles prevail, the learning gains of adults tend to concentrate on technical knowledge and skills. When the adult trainer manages to break away from traditional patterns, when participants learn to take responsibility for their own learning, the teacher becomes a role model and opportunities are opened up for developing new social and learning-to-learn competences. It is vital that teachers do not steer or direct learners more than is absolutely necessary, and that they do not take responsibility away from them.

Photo: EC/G. Solev



Young people (aged 30 and under) have been used to codetermination at home and in school. They prefer to decide for themselves and to take responsibility to a degree that is beyond that to which adult training is geared. They insist on the right to make choices. They accept that everything changes all the time and that studying means that one acquires an overview of knowledge and a capacity to navigate in a world of endless possibilities. Coping with this new group of learners is a challenge for education institutions that are traditionally based on the principle that learners should do what they are told and complete what has been prescribed.

Faced with such wide variations in patterns of learning and with its limitations – institutional, financial and human – adult learning cannot be completely individualised, although it can become more learner-oriented. How can adult learners influence what they learn, how can learning be made more attractive and meaningful for individual learners, and how can adult trainers contribute to raising quality in learning?

### **What are the lessons to be learned for adult learning organisations and for teachers and trainers?**

Adult learning represents a demanding and complex challenge for teachers and trainers of adults. A number of key factors influence the learning processes and outcomes of participants. First, adult learners need to have choices and to be able to influence which courses or programmes they follow. In practice, a substantial number of adult learners feel that they have been 'placed' on a given course. This can reduce the chances of optimal learning outcomes and the transfer of what has been learned to new learning situations. Personal commitment and co-responsibility for learning develop only when learners are given choices about courses and their content and modules. To help them to make the choices that are most appropriate for them, counselling support must be readily available.

Second, the supply of adult learning must be open and, in South Eastern Europe, expanded to provide a wide range of

learning offers, in diverse settings, using appropriate methodologies and making learning attractive, interesting and meaningful for adults. If adult training systems are to achieve higher quality and efficiency, and if society is to obtain maximum returns from its investment in terms of raised levels of competence in its population, adult learning offers need to be flexible and adapted to the needs of adult learners.

Third, the environment in which learning takes place, how learning is organised and the content of learning are important. Many adults learn best when learning conditions and relations between teacher and learner are influenced by warmth, care and tolerance, and when they feel comfortable and safe, whereas competition and control can have a negative impact. Learners welcome a participant-centred approach that helps to overcome their resistance and encourages learning. When the content of learning is based on real life or work issues related to the learners, this helps learners to make connections between prior knowledge and experience and new learning. Discussion forums are also effective since they allow adults to explore themes and problems, and jointly seek answers and solutions. Galbraith (2004) claims that, unlike adolescent learning, which focuses on mastering facts and assimilating information, adult learning focuses on applying facts and turning information into action. He argues that adults have already developed cognitive frameworks through life experiences, and that they are interested more in learning how new ideas can help them to achieve their objectives rather than in simply accumulating more knowledge. Consequently, he suggests a number of elements that make adult learning effective. These include:

- learning based on (new) ideas anchored in the reality of life and work;
- a focus on the application of learning;
- acceptance of multiple learning styles;
- presenting information through multiple channels;
- enabling connections to a person's own experience;
- learning that follows a clearly articulated goal;



### ***Examples of good practice from Serbia and Montenegro***

The Faculty of Philosophy, Department of Andragogy of Belgrade University in Serbia offers Masters and PhD degree courses for education specialists in adult learning. Adult teachers from five regional centres were trained, for example, within the framework of EC CARDS projects.

In Montenegro, laws and by-laws for teacher training have been adopted, an institutional framework created, responsible bodies appointed and groups of trainers trained, who in turn train teachers in VET and adult learning institutions. Teachers undergo a specific training course which includes modules on how adults learn and modern methods in adult learning.

- learning that is built on respect and allows participants to earn respect;
- learning that takes place in a learner-friendly environment.

In adult learning, teachers and learners share responsibility. Although adults may take responsibility for their own learning, this does not take away responsibility from teachers and trainers in adult learning. On the contrary, it is often more demanding for teachers to balance the responsibility of adult learners for their own learning, encouraging and enabling them to do so, while at the same time managing their own professional responsibilities for ensuring that learning is effective. Policymakers must recognise that the key to achieving higher quality in adult learning is having well-qualified, professional, committed and able teachers and trainers. In reality, however, their role in the education system is undervalued, and, more often than not, there are no clear rules or regulations governing initial and continuing teacher training for adult trainers in South Eastern Europe. Good examples of organised training for adult trainers exist, however, in both Serbia and Montenegro, and also to some extent in Croatia.

Despite recent efforts, adult teachers and trainers in South Eastern Europe have, by and large, not had adequate levels of training and experiential practice on how learning processes are organised in an innovative way. Expanding knowledge of the non-traditional roles of teachers as facilitators or moderators and developing expertise are key tasks in the continuing professional development of adult teachers and trainers. Continuing training does not

necessarily need to be lengthy or formalised, since competence develops with practice rather than through the accumulation of theoretical knowledge.

In summary, this section has highlighted the importance of a number of elements in adult learning which represent meaningful indicators of quality:

- allowing adult participants choice in selecting courses and course content;
- a wide variety of adult learning opportunities;
- a favourable learning environment and course content based on real life and work problems;
- a system for the continuing training of adult teachers and trainers.

### **6.3 QUALIFICATION STANDARDS, ASSESSMENT AND EVALUATION**

It is important that stakeholders in the learning system have confidence in its operations. Individuals want to know that what they have learned is recognised, is of high quality and is of benefit to them. When recruiting workers, employers want to know that their qualifications meet recognised national standards. Anyone undertaking formal learning will want to know whether the provider is efficient and effective in what it is supplying. Further development of support measures across the learning system will be needed in South Eastern Europe to ensure that this is the case.

First, qualification standards must be developed. Many economically advanced

countries are moving away from qualifications based on time spent in training to those based on learning outcomes, i.e. they are based on statements that describe what individuals are expected to know and be able to do when they have obtained the qualification.

Apart from standards for levels of learning in individual countries, there are also international classifications at a broader level. South Eastern European countries do not yet have national qualification frameworks, and this is an area in which it is recommended that work be carried out. The lead is generally expected to come from the centre, from the education ministry, one of its executive agencies, or from a national body with social partner representation.

Developing national qualification frameworks is a difficult process, as international experience has shown. A balance must be struck between analysing and creating standards for specific skills, economic sectors or occupations, without creating a system with built-in rigidities that inhibit movement within the labour market. The framework for recognition must be flexible and must reflect the fact that individuals will change industries and skills far more than they would have done in the past. The classification system needs to facilitate this movement. Consequently, it cannot be narrowly based on current skills or industry patterns. It must involve systematising the skills and knowledge that are relevant to the needs of a modern economy.

The 'soft' skills or key competences described earlier may not easily fit into the structure of qualifications and standards. Nevertheless, the qualification framework must consider how key competences such as language, information technology, team working and communication skills, at the appropriate level, can be included and integrated with the technical skills training that is appropriate to an occupation.

Another aspect of determining an individual's suitability for a job is assessing their existing stock of prior learning and experience. Such assessment systems, which do not currently exist in South

Eastern European countries and territories, assess prior and experiential learning and provide evidence of an individual's competences. In addition to being important in fitting jobs to people and vice versa, this kind of accreditation helps both to improve access to learning and to shape learning by providing a demonstrable base on which further learning can be built.

Related to this is the issue of the status of providers. Should there be a national approach to recognising or approving providers or their learning programmes? Providers of adult learning outside the formal education system are not obliged to seek recognition by the education authorities, although they frequently do so to gain greater credibility. For private providers sufficient proof of the effectiveness of their training may simply be success in getting people into jobs. But in practice individuals are very unlikely to know whether a provider is good or not, as the information is either not available or is misleading.

There is no doubt that when a provider is in receipt of public funds there must be scrutiny of programmes and the provider's outputs. Although overly burdensome and bureaucratic systems that discourage providers need to be avoided, international experience shows that an unduly light regulatory regime can result in fraud and low quality.

It seems desirable to have a flexible institutional quality assurance mechanism. This is an issue of top-down compliance approaches versus other approaches, for example, a peer assessment process that reports to some authority which may undertake intermittent audits. Countries may have a system of accreditation or certification for providers, using national guidelines and possibly regional administration to reduce and shorten bureaucratic procedures. Accreditation systems need to ensure that private providers are financially sound, that they are not making exaggerated claims in their publicity literature, and that their pedagogy and teaching are appropriate. For a detailed list of proposed components of an accreditation process and principles of quality assurance see Annex 2.

Finally, with regard to monitoring and evaluation, there are various levels at which this can take place. At the national level there needs to be a mechanism for regularly reviewing the progress of the adult learning strategy as a whole. This would need to cover both the process – for example, whether the national and regional partnerships have been established as intended – and the outputs of the measures. This kind of evaluation is difficult, but it is an essential part of the strategy process, and it can start quite simply by monitoring the outputs of providers to establish how many people are being trained in particular skills, whether they gained a qualification (if applicable) and whether those whose training was intended to get them into work have in fact got jobs. This will help to establish whether publicly funded adult learning programmes are meeting their objectives and giving good value for money. More rigorous evaluation, leading to review and adjustment of the strategy or programme and further development, can follow. In order to give credibility to evaluation, it needs to be undertaken by a professional body independent of government, the social partners and other partners. Independent evaluation is important because the exercise can give rise to criticism if objectives are not achieved, but it is essential that the lessons of experience are learnt.

### 6.4 LIFELONG INFORMATION, COUNSELLING AND GUIDANCE

#### Policy context

In recent years, career guidance has been given more attention in the policy agenda at national and international levels. It is widely acknowledged that career guidance contributes to the achievement of public policy goals in lifelong learning, labour market efficiency and social inclusion.

With regard to guidance and counselling services, the Communication of the European Commission on 'Investing Efficiently in Education and Training: an Imperative for Europe' (European Commission, 2003) stressed the importance of early prevention strategies capable of reducing mismatches between

education and training and the needs of the labour market. Guidance can make a significant contribution to increasing completion rates in secondary and higher education, and to facilitating the transition to work and the return to studies. Thus, career guidance can contribute to lowering overall costs by reducing failure.

The OECD (2004a) states that 'the progressive adoption of lifelong learning strategies and an emphasis upon active labour market policies pose new challenges for career guidance. It needs to shift from being largely available to selected groups, at particular points in life, to being much more widely available throughout life. And services need to shift from an approach largely focused upon helping people to make immediate decisions through face-to-face interviews, to a broader approach that also encompasses the development of career self-management skills such as the ability to make and implement effective career decisions.'

The European Union Council of Ministers of Education Resolution on 'Guidance throughout Life' (Council of the European Union, 2004) noted that the present policies, systems and practices of guidance in Member States do not match the demands of knowledge-based economies and societies. The resolution defined guidance as 'a range of activities that enables citizens of any age and at any point in their lives to identify their capacities, competences and interests, to make educational, training and occupational decisions and to manage their individual life-paths in learning, work or other settings in which these capacities and competences are learned and/or used'. Examples of such activities include giving information and advice, counselling, competence assessment, mentoring, advocacy, and teaching decision-making and career management skills. Ministers called for a reform of policies and a rethinking of practices, in order to give priority to the following:

- lifelong access for citizens to high-quality guidance provision;
- refocusing guidance provision to teach citizens learning and career management skills;

- strengthening structures for policy and systems development through mechanisms that would involve the appropriate key players, such as ministries, social partners, employment services, guidance practitioners, consumers, parents and young people;
- developing better quality assurance mechanisms, especially from a citizen or consumer perspective.

### **Career guidance in South Eastern Europe**

In 2004, the ETF undertook country reviews of existing policies, systems and practices in career guidance in Serbia and Montenegro, the former Yugoslav Republic of Macedonia and Kosovo, and in 2005 in Croatia, Bosnia and Herzegovina and Albania.

Career guidance, in particular for adults, has so far been a forgotten element in education and labour market reform in most countries and territories of South Eastern Europe. Where actions have been undertaken, mainly through EC Phare, CARDS or other donor programmes, they were limited to pilot projects or isolated aspects of guidance. A comprehensive and systematic policy approach to guidance covering the whole education and labour market system and outlined in a national strategy has not yet emerged.

The growing flexibility of labour markets in South Eastern Europe and rapid changes in the economy have led to increasingly insecure employment and the need to change jobs and occupations more frequently. As educational and employment options have become more volatile, less secure and less transparent, people potentially need more support in finding their way through the education system and into the labour market. However, finding quick and appropriate policy responses and solutions proves to be very difficult, as the countries and territories of South Eastern Europe face more pronounced constraints and complications with regard to guidance provision and development, compared to EU countries. The following features and challenges were preliminary findings of the ETF reviews:

- Overall public and private resources are much more limited in South Eastern Europe. This is also the case in respect of administrative capacities in the relevant ministries. On the other hand, there is a comparatively high inflow of funds from international and bilateral donors in the area of education and the labour market, which potentially might also be made available for the development of career guidance.
- The adult learning system is underdeveloped in most of the countries and territories, and provides a weak basis for building guidance activities. There are no centralised databases on adult education providers and courses in most countries and territories, and educational institutions do not yet consider career guidance to be their responsibility. On the other hand, the emerging adult learning strategies in some countries and territories provide an opportunity to reflect upon career guidance and to integrate it into wider reform efforts in the near future.
- Labour markets are characterised by a very high proportion of informal and even underground employment which, by definition, does not fall within the purview of formal career guidance services. It would in any case be very difficult to reach such target groups.
- The labour market and career information system is weak in most of the countries and territories, partly because the economies in the region are highly volatile, but also because of the informal sector. Current labour market information is not always 'readable' for users, so data about vacancies and trends, in the form of an 'employment barometer', are largely missing.
- As in EU countries, most career guidance takes place within the context of public employment services. However, the scope and extent of active labour market policies is much more limited, and therefore the number of beneficiaries is very small. The policies are focused on unemployed people. In principle, public employment services also offer guidance to adults in employment, but in practice the number of employees using these services in South Eastern Europe is negligible.

- There are very few private employment services, and where they exist, they act mainly as job brokers and headhunters rather than career guidance providers.
- Cooperation and synergy between the main ministries involved in guidance (education and labour) remain limited compared with international standards. Social partnerships in particular are underdeveloped. Employers and trade unions in most South Eastern European countries play no role at all in career guidance.

Guidance staff are merely expected to help people to make immediate choices in relation to further study, training and work, rather than to encourage them to develop new competences or foster positive attitudes to continuing learning. Methodologies for clients' needs analysis and evaluations of guidance activities are in the early stages of development. There is a lack of clear competence standards for guidance staff and dedicated courses at universities for specialisation.

**Institutional settings for adult guidance provision and examples from the EU and OECD countries**

The heterogeneous nature of the adult population presents a number of challenges for policymakers. Adult guidance is delivered through a variety of institutional settings, and has different structures and forms in different countries (OECD, 2004a).

*a) Guidance by public employment services*

Career guidance services for adults have traditionally been largely concentrated in public employment services and focused on unemployed

people. Even in this field, however, services remained underdeveloped in many countries. Services tend to focus on short-term objectives and on getting people into jobs as quickly as possible in order to reduce unemployment levels.

'Tiered services' that optimise resources are a good example of guidance. In the public employment services in Austria, Germany, Finland, Portugal and the UK there are three tiers.

- A first tier provides access to printed, audio-visual or on-line information in a self-service mode, without the need for assistance.
- A second tier of services consists of relatively brief personal interviews.
- A third tier provides personal guidance to those who are perceived to need it and/or feel they can benefit from it. This can range from group help to in-depth personal interviews, and can include job clubs and sessions that help users to regain self-confidence and motivation and to develop employability skills.

*b) Guidance as part of adult learning provision and in higher education*

Some EU Member States (e.g. Spain, Austria and Denmark) provide guidance services within adult learning, although these services are sometimes stronger on educational opportunities than on labour market intelligence, and tend to focus on the institution in which they are based. A regionally based adult education guidance service in the province of Burgenland in Austria provides career guidance that is independent of particular training providers. It also uses guidance

**Learndirect** was Launched in 1998, and its core is built around call-centre technology. There are two call centres in England, one for Northern Ireland and smaller centres in Scotland and Wales. Helplines are open between 8am and 10pm, 365 days a year. Its underlying goal is to offer free and impartial advice to assist adults to access further education and training opportunities. All staff have access to an online database of information on some 600,000 education and training courses, at all levels. An online diagnostic package can be used to assess interests and preferences as part of the web site ([www.learndirect.co.uk](http://www.learndirect.co.uk)). Learndirect provides information on funding for learning and childcare and is open to all adults, although it focuses particularly on those with low levels of qualifications.

services to provide systematic feedback on adults' learning needs. Ireland is piloting a number of adult education guidance programmes to support adults who are enrolled in literacy, community education and other programmes.

A highly innovative approach to meeting the career guidance needs of adults is the *learnirect* service in the UK.

Universities and colleges also provide advisory services to students, graduates, academic staff and employers (e.g. the Careers Advisory Service at Trinity College Dublin in Ireland (<http://www.tcd.ie/careers>). In addition to personal advice, students have access to a comprehensive careers library and to a wide range of online resource materials.

c) *Career guidance provided by employers and trade unions*

Many employees expect assistance and guidance from their employers with a view to obtaining new skills and advancing within the company, so the provision of guidance services may feature in collective bargaining. Some trade unions provide guidance themselves. In the UK, Denmark and Norway, trade unions have trained their shop stewards to act as 'educational ambassadors' or 'learning representatives' to encourage their members, especially those with limited or no qualifications, to access education and training. In the UK this programme

receives strong support from the government. In the Netherlands a few large employers have established mobility centres for their employees; these allow employees to explore opportunities in the external labour market. Some quality mark schemes encourage companies that want to adopt good human resources development practices to use career advisers to review their systems.

d) *Career guidance in community-based organisations*

A recent development in a number of countries has been the growth of career guidance services in community-based organisations. Some of these focus on particular ethnic groups, and some on groups such as single parents, people with disabilities, ex-offenders, homeless people or refugees. In Greece, Information and Counselling Centres for Women's Employment and Social Integration have been set up with EU funding by the Research Centre for Gender Equality. These centres provide services for women, especially those who are unemployed or in vulnerable employment sectors who wish to change jobs.

e) *Career guidance provided by the private sector*

There is a range of career guidance services that can be purchased. These are normally provided by private consultants, management consultancies and outplacement firms.

The EU offers the following platforms:

**PLOTEUS** (<http://europa.eu.int/ploteus/portal/>) is the EU's Internet portal of learning opportunities.

**EUROGUIDANCE** (<http://www.euroguidance.net>) is a network of guidance centres in the EU and European Economic Area (EEA) countries, and is a source of information that enables guidance workers to become familiar with other countries' education, training and guidance systems and programmes.

**EURES** (<http://europa.eu.int/eures/index.jsp>) links all public employment services in the EU and EEA, and is being developed to facilitate worker mobility by ensuring that information about skill shortages and surpluses for each country and region is more transparent and more accessible.

### **Examples of good practice from South Eastern Europe**

Guidance services are developing in South Eastern Europe and new initiatives seek to integrate career guidance activities into of lifelong learning and active labour market policies.

What is needed is a policy and legislative framework for the provision of high-quality lifelong guidance for all citizens, including adults. Legislation would need to specify, among others things, the roles,

responsibilities and mechanisms for cooperation between public education and labour market authorities at national, regional and local levels, the infrastructure and information used, the standards of guidance delivery, and within this context, the qualifications of guidance experts, as well as the mechanisms for including other key stakeholders, such as social partners, guidance agencies, and associations of parents, young people, consumers and guidance practitioners in policy and systems development.

#### ***Info-Points and CASCAiD Programme in Croatia***

One of the measures following the 2004 Croatian Adult Education Strategy envisages the setting up of information points for promoting adult education at county level. These 'Info-Points' will collect all relevant data on educational providers and their programmes (including formal and informal education and training) with a view to providing information, advisory and counselling services to potential users (i.e. citizens and employers).

In 2004 the Croatian Employment Service launched a project based on the principle of self-help called CASCAiD. This was adapted from a UK model and is intended for a wide population of users. Counselling is based on replies to a questionnaire on interests, skills and health status, taking into consideration the level of education. Users can obtain a description and specific analysis of individual aspects of work for every occupation. The Ministry of Education and the VET Agency were involved in this project.

#### ***Regional training centres for adults and job clubs in Serbia***

In close cooperation with the public employment service, regional training centres are expected to provide some career guidance activities, including information, counselling and guidance in the selection of programmes, training, and career guidance in education, according to individual preferences, the needs of the local community and the labour market.

Job clubs help unemployed adults and employed people at risk of becoming unemployed with their career planning and help to motivate them to actively search for a job, as they are expected to take more responsibility for looking for a job. Job clubs help to strengthen the ability of adults to analyse their potential, knowledge, experience and qualifications, and the competences needed in the labour market. Job clubs use a range of approaches including teaching, simulation, practice and performing in real situations, and analysing and improving performance based on feedback.

#### ***'How to seek a job actively' guide in Bosnia and Herzegovina***

This booklet is the first publication of its type to be produced since the war. It was recently followed up with a similar guide produced at canton level, reflecting the local labour market situation and needs.

***The PARSH and career development projects in Albania***

Under the PARSH project an NGO adult training organisation published a printed directory of training provision in Tirana that is updated on a biannual basis. In addition, a Soros-funded career development project that finished in 2005 provided training for employment service staff in the adaptation and development of tests, inventories and tools to aid career choice.

***Career guidance components as part of the EC CARDS KOSVET programme in Kosovo***

In 2003/04, as part of an EC CARDS programme in VET, policy recommendations for career education and guidance were developed and submitted to stakeholders, including ministries. Suggestions included the establishment of a national centre for career guidance and counselling, and provision of public access to career information through the existing network of employment offices. In Kosovo there are a number of NGOs and training and employment companies, such as the Don Bosco organisation in Pristina, which provide career counselling to their training participants.

***Centres for employment in the former Yugoslav Republic of Macedonia***

Apart from hosting job clubs similar to the ones in Serbia (see above), employment centres have some career information and guidance functions. Information on occupations, and career guidance based on an analysis of a person's professional interests and their general and specific abilities, is provided along with advice on training and new employment.

***Career guidance and counselling in Montenegro***

On the initiative of the Employment Agency, prompted by the ETF's career guidance review, the establishment of a Centre for Information and Professional Counselling began in 2005. The Centre is based in Podgorica and will operate at a national level.

**6.5 DATA COLLECTION AND LABOUR MARKET INTELLIGENCE**

Most South Eastern European countries and territories have basic information on employment, labour market and educational attainment levels from national census data, from labour force surveys and household surveys. The information is not comprehensive. Very few data exist, for example, on participation or investment in on-the-job training by employers for their workforce or on training and non-formal learning by small or micro enterprises. The quality, reliability and updatedness of data are also variable. Forecasting tools for anticipating future skill needs and occupational change are being developed under various EU-funded projects.

Data collection and labour market intelligence have an important role to play in enabling and sustaining policy development and delivery in adult learning. They are strategic policy tools for decision-makers because they enable a detailed analysis to be made of trends and patterns in participation by enterprises and individuals and in investment made by them and government. They enable an analysis to be carried out of trends in the upgrading of skills of employees, job seekers and disadvantaged groups in line with changing labour market needs. They are essential for setting baselines to allow monitoring and evaluation of interventions. It follows, therefore, that the quality, scope and reliability of data and labour market intelligence and the robustness of the analysis are critically important. Attention



must be given to ensuring adequate mechanisms for collecting information, and to collecting sufficient information relevant to adult learning.

The figure below shows that adult learning data and labour market information are at the centre of shaping policy direction and measuring progress at the EU and Member State level.

Relevant adult learning datasets would include:

- educational attainment and skill levels of the working-age population (e.g. 15–64 years), broken down by employment status, region, gender, age group and other characteristics, such as disability, ethnicity, demobilised soldiers and people displaced by war;
- numbers or rates participating in on-the-job and external adult learning provision (employees, specifying those working in small and micro enterprises, unemployed individuals, inactive people seeking work, redundant workers or workers under threat of redundancy, disadvantaged groups or individuals),

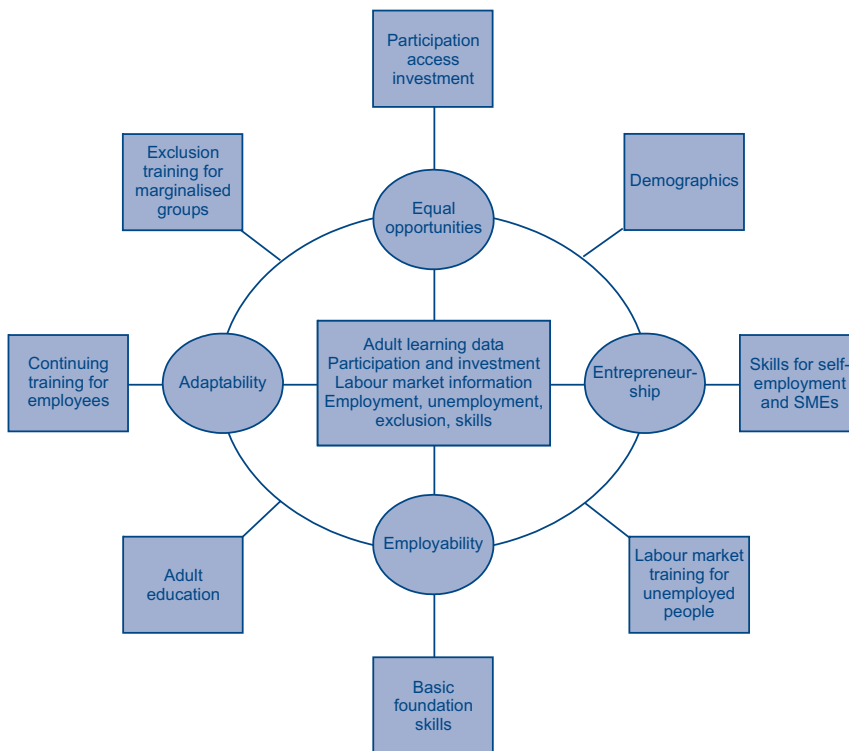
broken down by region and categorised by level of skill or qualification, economic branch or occupation, gender, age group and other characteristics, such as disability, ethnicity, demobilised soldiers and people displaced by war;

- financial investment in adult learning by employers, government and individuals, broken down, for example, by economic sector, size of enterprise, employment status, gender, age group and other characteristics.

Social exclusion data would include data on deprivation indicators broken down by region, gender and age group. They would need to cover the following:

- long-term unemployment, people with no or low qualifications, illiteracy and functional literacy and poor numeracy skills;
- disadvantaged or vulnerable people over 50 years of age, redundant workers, women, people with disabilities, individuals from ethnic minorities, and people living in deprived urban areas or in isolated rural areas.

**The context of employment-related adult learning**



(ETF, April 2000)

In addition to measurable datasets, a good supply of up-to-date information and analysis is needed on employment and unemployment trends, on sectors with employment growth potential and new emerging sectors, and on social exclusion in deprived rural and urban areas, together with current skill and knowledge needs and trends and future skill projections. All the countries and territories have recognised the importance of data and information and are making efforts to improve the supply and quality of their statistical data and labour market intelligence. However, although the problem is recognised, there is a lack of a systematic process to anticipate future skill needs. The main approaches for an early identification of skill needs in the EU include:

- quantitative and semi-quantitative measures, including macroeconomic forecasting, surveys among employers and skills audits;
- qualitative methods, such as the Delphi method, case studies, focus groups and 'sector scouting' or trendsetter studies;
- a combination of various methods intended to achieve robust and reliable data; examples include scenario methods in Anglo-Saxon countries, as well as observatories and sector or regional studies, for example in France; in Germany, Austria and the Netherlands, a combination of quantitative forecasting and elements of qualitative research is used (Tessaring, 2005).

In South Eastern Europe there is a need in the short term to develop a strategy for data collection for adult learning, labour market intelligence and future skills forecasting. The aims of the strategy would

be to increase the quality and number of relevant datasets, to fill gaps, and to systematise mechanisms for collecting data and developing capacity to analyse trends and forecast future needs. There are several questions that will need to be answered. What data is missing? Can it be collected? Who is best placed to collect it? What are the costs involved? Who is responsible for funding data collection and analyses? Which organisations have the relevant expertise? Countries may be able to draw on EU sources to contribute to the funding for data collection and analyses.

In the medium term, information on participation in and the funding of formal adult learning provision can be collected systematically. Public and private providers, including NGOs that provide training, could provide participation data at the time of enrolment with suitably designed enrolment forms. This could be a condition of accreditation if a comprehensive accreditation system for all training providers is introduced. The collection of data on participation in on-the-job or off-the-job training outside public provision undertaken by employers and their employees is more problematic. It could be done, for example, by public employment services as part of periodic employer surveys, but these are costly. Collecting this information could be systematised if data on investment in training were included in companies' annual business reports. This will be a medium-term development and one which is likely to cover only larger enterprises. Collecting participation data on learning by employees of small and medium-sized enterprises or by people working in the grey economy is even more problematic.

## 7. FINANCING MECHANISMS AND INCENTIVES IN ADULT LEARNING

# 7

The discussion on implementing the measures of an adult learning strategy has already raised some issues relating to the funding of adult learning, but it may be helpful to summarise the main conclusions. We know that adult learning is a very wide field, covering second-chance opportunities to improve basic foundation skills, opportunities to develop key competences, education, training and retraining to enable individuals and groups (employees, unemployed, inactive and disadvantaged populations and people under threat of redundancy) to upgrade and acquire knowledge and skills in line with labour market skill needs and career and employment aspirations. Its objectives are to raise skill levels, assist the workforce to adapt to the open market, contribute to increased competitiveness and combat social exclusion through developing employability skills. Funding adult learning provision and developments is costly and cannot be financed from the public purse alone. All stakeholders, government, employers and individuals need to contribute to the financing of adult learning.

In drawing up adult learning financing strategies, countries must pursue two main objectives. The first is to ensure an adequate level of investment in adult learning. This means increasing the aggregate level of finance from all sources. Incentives are needed to encourage (co)investment in learning by companies and individuals. The second aim is to ensure a fair distribution of adult learning, which is currently biased in favour of the more advantaged members of society (i.e. better educated and better-off people who come from the larger urban centres where there are more adult learning offers) and in larger enterprises or certain sectors. Unless societies can increase the participation in lifelong learning of groups who are currently excluded or underrepresented, there is a risk of widening the existing social divides. Finance is one of the crucial policy levers for balancing efficiency and equity gains, but the essential information required to ensure this balance is missing.

A number of financial and interrelated issues need to be considered. First, though

the total amount spent on adult learning in South Eastern Europe is unknown, there is a general recognition that expenditure is far below that which is necessary to meet current needs, let alone any new developments emerging from a more comprehensive, strategic approach. Before discussions on sharing costs can take place, these countries and territories need to have an idea of the total current public, private and donor expenditure on adult learning and of who benefits from it. Mapping this accurately is problematic. However, ensuring equity objectives in the allocation of resources hinges on having transparent information on total financial resources for adult learning and who benefits from them, and subsequently redistributing resources to meet equity goals. There are a number of information gaps. How much is currently invested in adult learning by employers, individuals, government and donors, and who pays for what? Can the information be gathered? What are the costs of gathering relevant information? How could it be gathered efficiently and at an affordable cost?

The state budget for active labour market measures is usually known, although there may be no specific breakdown of expenditure on training and related support measures. The state contributes to formal public second-chance education and training. Although individuals normally pay their own direct training costs, the state may contribute by maintaining education institutions, making rooms available for adult learning, and covering the salary costs of teachers and trainers providing adult learning, and the costs of computers and other equipment and materials. Funding for formal public adult learning is already shared between the state and individuals, though no calculation is made of either the public contribution or the percentage split between the state and individuals. The countries and territories have no idea of the actual investment by companies, of whatever size, in training their workforce, or of the total investment by individuals in public and privately provided training, because this information is not collected.

Second, there is the question of who should pay for learning. As a general

principle, governments are responsible for meeting the costs of training or learning where there is market failure (e.g. for people who cannot afford to pay and for people who do not have an employer who might pay). This would include, for example, unemployed people, war veterans, those from disadvantaged groups, possibly those made redundant in economic restructuring, and small enterprises. Quite apart from the financial difficulties these would have in meeting learning costs, there are substantial employment and social reasons for governments to bear the cost. They may want to promote entrepreneurship, and to maintain communities where unemployment is high by helping to reintegrate people into work through the provision of free or subsidised training for new skills.

A general funding principle is that employers should pay for the training and the upgrading of skills of their own employees on the grounds that enterprises benefit from the productivity gains from appropriately skilled employees. However, there may be a good case for using public funds in a targeted way to alter employer behaviour where employers do not train or where insufficient training takes place. To the extent that such financial incentives are used, they must be carefully controlled in order to avoid the waste of public funds and the distortion of the market. Public funds could, for example, be targeted towards small enterprises, particular sectors in crisis or specific skill shortages. Financial incentives can take several forms, including grants or loans to employers, with levies on those who do not train, cofunding arrangements for some types of training, and tax concessions.

Individuals also benefit from investment in training to maintain their employability, to advance their career, for job mobility and to increase their earnings. In employer sponsored training the costs can also be shared between the employer and individuals in relation to the respective return on investment that accrues to them. Many adult learners in South Eastern Europe fund their own training in the expectation of a better job or higher salary

later. OECD countries provide incentives (e.g. subsidies, loans and tax concessions) to encourage participation, but many of the instruments are not suitable for unemployed people or for people with low skills.

Third, there is donor funding. South Eastern European countries and territories receive substantial financial support for education and training from many donors, among them the EU (under the CARDS or Phare Programmes), national governments, NGOs, foundations, etc. as well as through loans from the World Bank. One important task for the ministries and their partners in formulating the adult learning strategy is to map the current level and pattern of donor support, to take ownership of it and to monitor progress in accordance with the priorities of the strategy. There are several areas that are discussed above for which donor provision or support of technical and expert advice is particularly useful for adult learning. These include management and entrepreneurship training, training for redundant workers or unemployed adults, guidance, statistical data collection and analysis, labour market assessment, the development of national qualifications, quality assurance and monitoring and evaluation.

Funding mechanisms and incentives will eventually be a matter of political choice and will depend on each government's funding priorities. Sponsors, objectives and funding arrangements will vary according to a number of factors, including a specific interest in a certain area of adult learning, the degree of benefit or return on investment in adult learning, and the training needs of specific target groups. However, the traditional clear dividing lines that used to exist in funding adult learning (companies pay for the training of their employees, governments pay for the training of unemployed people, and individuals pay for their own self-motivated training, mostly with a view to career advancement) are being modified as cofinancing arrangements develop. The aim is to raise participation in adult learning, and in particular the participation of underrepresented groups. There are limitations to cost-sharing as it needs to be proportionate to the returns on investment.

### 7.1 INITIATIVES TO SUPPORT TRAINING IN AND FOR COMPANIES

Companies benefit from a skilled workforce in that more highly skilled employees are better equipped to meet their job requirements and deliver higher quality products and services, and tend to be more entrepreneurial and innovative. Good company management would make use of the potential of both its managers and workers and would see HRD as a strategic objective for ensuring productivity gains and business development. Some companies in South Eastern Europe, especially those operating in international markets, are already investing substantially in the training of their staff, and most of them do so without any support from the government. However, the provision of training by companies for their staff is not yet standard practice. Governments may wish to intervene by funding or cofunding company training in the short term, with the aim of boosting investment and participation and increasing economic growth. Before they do so, it would be useful to know why certain companies do not train their employees so that they can be encouraged to do so. A more in-depth analysis may show that companies are reluctant to invest in training for different reasons, such as when:

- their state of ownership is unclear, when the company is up for privatisation and/or restructuring, when the managers' own positions are insecure: in a nutshell, when there is a general state of insecurity about what is going to happen to a particular company;
- they have no incentive to invest in the training of their employees, for example because state subsidies would continue to flow anyway without any specific conditions linked to them;
- managers lack the necessary managerial skills, including skills to explore the potential for strategic business development and related HRD needs within their companies;
- they can easily find the skilled workers they need on the labour market;
- they have only a few employees, so cannot afford to pay and/or release staff for training.

There are several options for government action. Privatisation processes need to be accelerated. This is, of course, not only a matter of changing company ownership, but also a matter of finding managers/investors able to develop the business in a competitive environment. Privatisation agreements drawn up between a government's privatisation agency and the investor very often stipulate the staff training or retraining that investors must undertake. If a government continues to provide subsidies to certain companies, as state investments into certain economic sectors that are considered strategically important for the country, the government may make the transfer of state funds dependent on a company's restructuring plan, but with a short or medium-term goal of phasing out state support. Governments can ensure that the restructuring plans give a prominent place to the training or retraining of employees who are going to be redeployed in the new company and of those threatened with redundancy who will have to look for new job, set up their own business or become self-employed. During the process of privatisation in Germany, following reunification, state subsidies were given to some East German companies to help them make structural adjustments. Subsidies, which have subsequently decreased, also covered training costs and the salaries of redundant workers. The maximum period for which such subsidies were paid was originally three years, but this was later extended to five years.

Managers of newly privatised companies who lack the necessary managerial skills could receive state assistance through cofunding arrangements for the training of managers within their business environment. Such management training programmes exist in some countries and territories of South Eastern Europe, an example being the PUMA management training programme organised by the Croatian Employers' Association (HUP).

Self-employed people and small and micro companies with only a few employees face

specific problems. Helping such businesses to become established in the market and to grow presents a particular challenge for transition countries. Ways need to be found to finance training for small enterprises, and possibilities for combining public funding from different ministries need to be explored. The Croatian Ministry of Economy, Labour and Entrepreneurship runs a programme that takes into account the specific needs of small and medium-sized enterprises and the (training) environments in which they operate.

When Ireland realised that company training levels, especially in small companies, were very low compared with EU averages, the government launched a specific support programme in the late 1990s. This included an awareness-raising campaign and training for (small) business managers on how to form networks, as well as the assessment of training needs – focusing on those needs that cooperating businesses have in common – and joint training initiatives, developed in close collaboration with trainers and consultants. Within the framework of EU-funded projects in Hungary, a multinational company ran a training cluster together with smaller companies that formed part of its supply chain. In Wallonia in Belgium, training cheques (*chèque-formation*) to the value of €15 per hour are issued by the government. These support small and medium-sized businesses, self-employed individuals, and part-time workers; the latter two categories often tend to be forgotten when it comes to company training. As a result the number of staff of small companies, self-employed people and part-time workers who participated in training activities has risen considerably.

Governments in economically advanced countries are trying to achieve more. They have introduced specific financial incentives and mechanisms that do not currently exist in any of the South Eastern European countries and territories<sup>8</sup>. In an effort to boost overall learning participation by adults, there is a case for governments

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<sup>8</sup> CARDS is the European Commission's support programme for the countries of South Eastern Europe. The full title of the EC CARDS project, in the frame of which the Kragujevac partnership was formed, is: 'Support for the development of training programmes and other human resource development (HRD) measures/services, for the unemployed and redundant employees'.

## 7. FINANCING MECHANISMS AND INCENTIVES IN ADULT LEARNING

to intervene even in large companies to subsidise training for low-skilled workers. In their case, a return on investment in learning is much less certain, and they are more at risk of being made redundant and becoming unemployed for a long period. Early intervention by the government to prevent employees at risk from being made redundant can thus be justified.

Furthermore, several countries have laws and/or national agreements between the economic social partners, i.e. employers' organisations and trade unions, on a sectoral or company basis that give employees the right to take a certain number of days off work for the purpose of further studies or training. Entitlements to training leave, although enshrined in national laws, in reality do not necessarily lead to a substantial increase in participation in learning. This is partly because individual employers might not allow their staff to take leave, or might make it difficult for them to do so, and partly because employees themselves fear negative consequences if they take leave or if they insist on their legal rights. Training leave schemes function well in countries where there is a positive climate for learning, for example when training is linked to company objectives, when employers see the immediate benefits of staff training or when they are less concerned about the risk of poaching, and when legal entitlements to training leave are, as in France, linked to the right of individuals to have financial support for learning.

Photo: ITC/ILLO/G. Brandi



Governments also support learning indirectly by allowing companies and individuals to offset the cost of training against their corporate or income tax liabilities. For example, since 1999 in Spain

the cost of training by employees has been exempt from income tax, and companies can deduct training costs from their corporate tax liability. Companies even receive double relief if training costs are higher than the national average. In the Netherlands fiscal incentives to encourage industrial training were introduced in 1998 with a special emphasis on older employees and small and medium-sized companies. In 1999 the scheme was extended to the non-profit-making sector. In addition, special tax incentives exist for companies which train employees who have no initial qualifications. The option of tax relief would not work in countries where tax collection systems are not well developed.

Recognising the need for continuous product innovation in companies, especially those operating in technological fields, governments have also supported the training of employees directly by cofinancing the introduction of new technologies and related staff training. For the latter, state support is in the form of time-bound, usually one-off, targeted subsidies to pump-prime and trigger developments in the form of seed funding, allocated on the basis of an open public tender with transparent procedures.

In some countries employers (and employees) contribute a substantial amount to training by paying voluntary or compulsory contributions (levies) to national or sectoral training funds. Regulations on which companies pay into the fund, how much they pay and how funds are subsequently redistributed (i.e. who can benefit and for what purposes) differ considerably between countries. Training funds as a means of boosting company training and adult learning in general have received significant attention worldwide in the past 20 years and exist, for example, in France, Spain, Belgium, Denmark, Italy, Hungary, South Africa, Singapore, Malaysia, Korea, Australia, the province of Quebec in Canada and the Canton of Geneva in Switzerland. The UK experimented with a number of training fund schemes, but these were discontinued because they were not always effective.

The French levy system is the oldest scheme, having been in place since 1971. Levies have been periodically increased since then. Today companies are obliged to pay 1.55% of their annual payroll (the total of workers' salaries plus additional costs) into the fund, while small companies with less than 10 employees pay only 0.15%. Funds are used for three purposes:

- i. One portion (1.1%) is directly reinvested into the companies to finance the training of their employees on the basis of annual training plans which companies are obliged to draw up in consultation with the trade unions. The remaining part is split to finance the other two purposes:
- ii. individual study or training leave, which is granted to everyone as a constitutional right, following the French 2004 Law on Lifelong Learning (a specific body has been set up charged with administering the individual study leave scheme);
- iii. youth training, which can be carried out by firms when they meet specific conditions (another specific body administers this scheme)<sup>9</sup>.

The public attention given to the issue of lifelong learning, the contributions made by employers and the strong role played by the trade unions, and the availability of a comprehensive financing system have all greatly contributed to the fact that adult learning participation has increased considerably in France over recent decades. On the other hand, the levy system represents a bureaucratic scheme that imposes a number of conditions on employers and calls for a high level of administration and related resources. In addition, an evaluation undertaken by the Conseil d'analyse économique (CAE) in 2000 revealed inequalities in access to training, depending on the gender, age and qualification level of the individual and the company size, as well as a partial lack of involvement of employers in decisions on the types of training taken by employees, which has raised doubts about the

relevance of some of the training that is sponsored.

The Spanish levy system is interesting, as funds collected through a levy of 0.7% on companies' wage bills are topped up with funds from the European Social Fund. Training funds are managed by the Tripartite Foundation for Training and Employment (formerly FORCEM) set up at national level. Businesses, business and/or labour organisations, bipartite foundations, cooperatives and worker-owned companies can all request financial assistance to implement their training plans and individuals can request Individual Training Permits.

Hungary, whose adult learning was system up in the early 1990s, had many features in common with those in South Eastern Europe, introduced a national training fund as early as 1986. Around a third of the fund is earmarked for adult education and training (in theory at least). Following various amendments of legal provisions, business organisations now contribute to the funding of training for both young people and (employed) adults through a compulsory tax of 1.5% of their wage costs. The tax levied on enterprises finances the Training and Development sub-fund of the Labour Market Fund; the tax is referred to as the Vocational Training Contribution. Up to a third of the tax can be reclaimed by companies to pay for the training of their own employees. Apart from company training, funds are used, amongst other things, to provide norm-based funding support for adults who participate in training (further details of this scheme are given below), and a number of special programmes and initiatives to support the training of specific groups of adults, or for research and development<sup>10</sup>.

The Hungarian Training Fund has contributed to a doubling of adult learning participation in the past few years, albeit from a very low base, a better resourcing of training providers and several innovations,

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<sup>9</sup> For a comprehensive presentation of the issue, see *Co-financing lifelong learning: a systemic approach*, OECD, Paris, 2005.

<sup>10</sup> Strictly speaking, the share of the training fund that is used for individually motivated training not directly related to company needs should be considered as an additional tax imposed on companies rather than support by the government to training in the company in question.



*inter alia* in assuring quality, in learning processes and in the recognition of skills. Critical issues raised in the recent review by an OECD team of the adult learning system in Hungary (Viertel, ETF, 2005) concern the predominant role of government actors in taking decisions on the use of available funds (employers' and employees' representative organisations do not yet participate in respective councils and management bodies on an equal footing with the government); the low take-up of companies, in particular smaller ones, of the facility to use funds for training their own staff, because of the small amounts available and overly bureaucratic procedures; the channelling of funds through training institutions rather than individuals, thus limiting the flexibility of the latter; and the failure to recognise the form and content of learning other than that linked to gaining formal qualifications or to training leading to a qualification listed in the National Vocational Qualifications register (which covers only vocational qualifications, mainly at secondary or post-secondary levels, and has not yet been fully updated). Furthermore, the review recommended that the level of company contributions to training that is stipulated in law be further reduced. Countries such as France and Australia, as well as the Canadian Province of Quebec, follow the 'train or pay' principle, i.e. they allow companies to make use of the entire levy amount, or pay into the fund, rather than use just a third as in Hungary.

Aside from training funds organised on a national level, there are many countries where companies from a certain economic sector have organised themselves and established a fund. Sector organisations help companies in a number of ways, including sponsoring training. Examples include the sector organisations in the UK<sup>11</sup>. Some of them have statutory powers to collect a levy from firms in their industry; for example, the Sea Fish Authority in the UK was given powers under the 1981 Fisheries Act to collect a levy to fund a range of activities. A proportion of the levies collected are used to support training throughout the fish industry. Skillset – the Sector Skills

Council for audiovisual industries – collects voluntary levies from its member organisations and provides funds for the development of a film strategy and for a Skills Investment Fund that supports training projects across the audiovisual sector. In the UK there is also a Union Learning Fund, an initiative by the trade unions that benefits from public funds and supports the training of their members.

Christine Greenhalgh (2001), who undertook an evaluation of the levy approach in France and Britain, made the following recommendations for making levy systems more effective and efficient.

- The levy should be linked to company profits rather than payroll.
- New companies and small or medium-sized companies should pay less or nothing.
- Priority should be given to training less skilled workers rather than leaving employers with a free choice.
- In order to tackle the risk of 'poaching' (trained staff leaving the company for more rewarding jobs elsewhere), a progressive taxation on wages could be introduced so that those who receive wage increases would redistribute part of their wage gains to public funds.
- The management of funds should include strict quality control of training organisations and monitoring of the level achieved by those in receipt of training.

However, although national training funds or sectoral levies seem to be an attractive way of generating more money for adult learning, imposing additional levies or taxes on companies may not be a valid option for countries where the tax burdens are already high and/or where tax collection (and redistribution) capacities are weak.

### 7.2 INITIATIVES TO SUPPORT LEARNING BY INDIVIDUALS

Four more schemes that aim to support individuals who are interested in learning are discussed here.

<sup>11</sup> See footnote 10.

First, there are training leave schemes. The ILO Convention of 1974 on Paid Educational Leave has been ratified by 32 countries. These countries have passed laws that require firms to allow employees to take paid training leave for a certain number of working days per year. In France this scheme covers employees with both standard and fixed-term contracts. The exercise of this right to individual training is very much helped by the availability of funding through part of the training levy. A person's right to training is transferable to a new employer in the event of job change. In parallel with this scheme, a system for the validation of skills and the recognition of qualifications has been developed.

Belgium runs both a general training leave scheme and a specific one for companies with less than 50 employees. In the latter case, workers can have up to 100 hours of training. Employers pay workers' salaries up to a certain ceiling and can then claim half the allowances and social and related contributions back from the Federal Ministry of Employment and Labour. Under the 1998 Career Breaks Funding Act in the Netherlands, employees who take long-term leave with their employers' consent can receive an allowance of €440 a month for a period of up to 18 months to cover the costs of either childcare, or training or studies. The condition imposed on companies benefiting from the scheme is that they take on an unemployed or disabled person as temporary cover.

Training leave schemes emphasise the importance of continuing learning. However, it is difficult to ensure that the schemes meet their desired objectives and that training is always relevant to needs without detailed and potentially burdensome regulations. Enterprises are likely to grant training leave if and when it is useful for the employers. Small firms usually face problems in giving workers time off. Better results have been achieved in France, where the legal right to training is linked to its (partial) funding. These schemes are not widely used in South Eastern Europe.

Second, there are job rotation schemes. Job rotation was first introduced in Denmark in 1993, with two goals: i) to provide employees with the opportunity to take time off work for training or studying; and ii) to give unemployed adults a chance to work for a year in their place and thus gain or enhance their work experience. A possible benefit for the employer was the chance to test potential new recruits. However, during the period 1996–99 participation rates fell short of expectations, for two probable reasons: (a) the economic boom at that time made companies more reluctant to release workers; and (b) it was increasingly difficult to find suitable replacements among people on the unemployment register.

Subsequently, Portugal introduced a Training–Employment Rotation scheme that encouraged workers to take up training and gave registered unemployed people an opportunity to train on the job and acquire useful work experience. The scheme was found to be especially suitable for smaller and medium-sized companies. Training could last from 1 to 12 months, but had to be linked to the specific needs of the company or provide the worker with a (higher) qualification. The Institute for Employment and Training (IEFP) administered the scheme; it helped to identify and recruit suitable unemployed people and offered technical support to set up and implement the training plan.

Third, there are apprenticeship or company training schemes for young people and adults which are cofinanced by the government. One example is the Austrian scheme under which companies that train were granted a tax-free allowance of up to €1,500. In Luxembourg companies were given grants and exempted from paying special contributions for their apprentices. Certain popular trades were given special subsidies. Italy reduced the social contributions for apprentices. The UK government, through the Learning and Skills Council (LSC), supports apprenticeships for 16–24 year-olds under its national apprenticeship scheme. Much of the training is on-the-job, with typically one day a week set aside for off-the-job training, although there are many variants.

## 7. FINANCING MECHANISMS AND INCENTIVES IN ADULT LEARNING

Colleges of further education and other training providers receive funding based on the sector involved, trainee participation, achievement, age of trainee and level of disadvantage. The assumption is that this funding will normally be sufficient to cover training costs, with the minimum training allowance or wage being paid by the employer. Although trainees can have employed or trainee status, the preference is that apprentices should be employees, especially at the advanced apprenticeship stage leading to a level 3 national vocational qualification (NVQ level 3). Arrangements for those aged 25 and above are different. Formal apprenticeships as such are not publicly funded, though there are some very limited adult apprenticeship pilots being developed. A variety of adult programmes do exist, some funded by the government. The 2006 National Employer Training Programme provides support for employee workforce development, mostly (though not exclusively) to enable adults to achieve a first level 2 qualification<sup>12</sup>.

Fourth, there are individual learning accounts (ILAs). ILAs are relatively new schemes which have been piloted in a number of countries. They underpin the change of logic in lifelong learning away from the former supply-driven approach towards individuals and their learning needs. Another innovative aspect of this scheme is the cosharing arrangement whereby all stakeholders can pool money into a single individual's account to be used for education and training purposes. ILAs also confer rights and responsibilities on individuals to invest in their own skills. The main goals of ILAs are to achieve a higher level of private (both individual and company) investment in learning, and to encourage individuals to have a stake in lifelong learning and to have more choice or control over their own learning. Governments were interested in raising participation and achievement in learning

activities, especially of specific target groups of learners. Although ILAs in some countries failed to encourage, for example, low-skilled workers to use the scheme, they were successful in other respects, and it is still worthwhile exploring their potential further. The scheme in the Netherlands was successful as 90% of its participants were low-educated adults (those with secondary vocational education or lower: employed or unemployed people)<sup>13</sup>.

In September 2000 the British government created the legal basis for ILAs after running some smaller-scale pilot projects. ILAs did not become real bank accounts, as originally envisaged, as banks did not find them economically attractive. Instead, individuals had to open 'virtual' accounts with a private company, Capita Business Services Ltd, which was under contract to the government to manage the programme. In the early phase (2000–02) individuals who paid a small contribution of GBP 25 (approx. €35) into their accounts received a matching contribution from public funds amounting to GBP 150 (approx. €213). The latter sum was channelled directly to the training provider chosen by the individual. The commitment to set up one million ILAs was achieved in May 2001. Independent evaluation showed that over 50% of the people opening accounts by January 2001 had not participated in learning for three years; 16% of ILA account holders had no qualifications; and ILA community projects were very successful in recruiting individuals from target groups of adults hitherto underrepresented in learning. A successful pilot project – the Small Firms Learning Accounts (for firms with 5–49 employees) – was subsequently redesigned and continued as Small Firms Development Accounts. Despite these positive developments, the ILA initiative was closed in November 2001 because funding was exhausted and there had been incidences of fraud, with some companies

<sup>12</sup> In the UK, industry sector organisations have been rationalised several times. The most recent phase saw the establishment of a new Skills for Business network of 25 Sector Skills Councils, which are employer-led organisations with strategic responsibilities (e.g. for reducing skill gaps and shortages, improving productivity and business performance, increasing opportunities to boost the skills and productivity of the sector's workforce, improving the learning supply and setting or reviewing National Occupational Standards). See also the work of the Sector Skills Development Agency ([www.sdda.org.uk](http://www.sdda.org.uk)).

<sup>13</sup> A full level 2 qualification refers to a National Vocational Qualification at level 2 and a standard equivalent of 5 GCSEs at A\*–C, UK Department for Skills and Education, 2003, Chapter 4, 'Skills for Individuals', footnote 23.

or training providers opening accounts for fictitious people and claiming subsidies. This experience underlines the difficulty of balancing light bureaucracy to reduce barriers to learning with ensuring financial control. The experience of the UK ILAs has subsequently been integrated into the funding of mainstream programmes: there is a new entitlement to free learning for adults studying for their first level 2 qualification as a foundation for employability, and a means-tested adult learning grant (up to £30 a week) for full-time courses leading to a first full level 2 qualification and for young adults studying for their first full level 3 qualification (see UK Department for Skills and Education, 2003)<sup>14</sup>.

### 7.3 CONCLUSIONS

In summary, human resources development (HRD) brings a higher profitability to companies; hence, companies bear the basic responsibility for their own HRD. They are also best placed to understand their business environment and their skill and knowledge needs. Although some enterprises in South Eastern Europe already invest in the development of their workforce, many do not, and there appears to be a low level of investment overall by companies in HRD compared to EU averages. Raising participation levels in enterprises is a major challenge. Although the lack of funding for workforce learning is a major factor, it is only one of several that limit investment in learning by enterprises and individuals. There are many ways in which countries can tackle financial barriers.

All government-sponsored programmes to support training by companies can be seen as positive in that they send explicit signals to employers (and to the employees who benefit) that training is important. Programmes open to all, or to a broad group of beneficiaries, are too costly, so consensus has to be reached on who

should benefit (specific beneficiaries) or what types of training should be supported by public funds. It is important that these programmes recruit the intended target groups and that they meet their agreed objectives. Although bureaucratic requirements to participate in the scheme need to be kept to a minimum, guarantees must be built into programmes to ensure the proper use of public funds, and sanctions imposed in the case of misuse. Since companies benefit from the training undertaken, shared funding arrangements that commit government and companies is appropriate in most cases. Cofunding also gives companies a stake in implementing the scheme, and is more likely to increase effectiveness, efficiency and sustainability. Arrangements whereby the government supports employers' own initiatives have proved effective in the UK and other countries. Governments are responsible for the efficient use of public funds: care must be taken to ensure that state funds are not 'wasted' on companies who would train without state support (the issue of 'deadweight losses'), and that companies who benefit from state-funded training do not gain too great a competitive advantage over those who do not (the issue of market distortion).

Governments play a leading role in encouraging and stimulating learning by companies, their employees and other individuals, and they use a variety of approaches and incentives. One incentive is to allow enterprises to offset the costs of training against their tax liabilities. Another is to use public funding to lever in private sector funds in order to share the costs of strategic developments that have mutual benefits for enterprises and government, for example the development of national vocational qualifications. A further approach is to optimise or pool public funds already in the system, for example by using a proportion of funds available to small and medium-sized companies for business support to provide training for them.

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<sup>14</sup> In February 2004, the Dutch government decided to abandon this scheme and replace it with the so-called Personal Development Account, which has wider scope (like life insurance). Individuals can also use the account for non-training-related purposes. The Personal Development Account encompasses only workers and excludes unemployed and inactive people. This recent development is expected to be detrimental to the initial success in facilitating training.

## 7. FINANCING MECHANISMS AND INCENTIVES IN ADULT LEARNING

A key issue is gaining the consensus of the key stakeholders on government funding priorities in adult learning, and sharing responsibility for addressing them.

Employers' main responsibilities lie with running their companies, but they would be ready to work with government on these priorities if their needs were also being addressed – *quid pro quo* – although not necessarily on equal terms. Negotiations between the key partners are needed.

For example, the funding of training for unemployed people might be shared between the government and companies, if companies were interested in recruiting new people. Different ministries can also share funding: in Sweden the training of unemployed adults is seen as a joint funding responsibility of the Ministry of Education, the Ministry of Labour and the employment service.

In general, governments tend to intervene with public funds for adult learning where there is market failure and/or when it is a political priority to do so, for example through apprenticeship schemes, and the promotion of skills for small businesses and for disadvantaged groups. A major gap exists in South Eastern Europe as regards the funding of training for low-skilled disadvantaged people who are no longer registered as unemployed. Governments need to intervene here, as most disadvantaged people cannot afford to pay for learning, although reaching them is problematic.

When designing a particular financing scheme, the framework conditions are important. Governments and their partners need to determine priority beneficiaries, the cost implications and the need to ensure appropriate funds, not only for the actual running of the programme but also for its administration, monitoring and evaluation, legal provisions, and possible problems that could arise in relation to cost-effectiveness or implementation.

Close working partnerships between government actors from various ministry departments, and implementers and beneficiaries of the scheme are required in all phases (designing programme measures and framework conditions, coordination arrangements and management, implementation, monitoring and evaluation) to ensure that funding is optimised and properly accounted for, and to provide good value for money.

South Eastern European countries and territories have some way to go to establish a sound basis for funding adult learning. The lack of adequate resources hinders its development. In most of the countries and territories, expenditure on education and training is seen as a cost by individuals and employers rather than as an investment for the future. For example, the fact that value-added tax is imposed on course fees in Croatia and the former Yugoslav Republic of Macedonia gives the wrong signal when the focus should be on dismantling barriers and providing incentives to encourage people to learn. It does not make sense to increase training costs when the need for employability skills is widespread. Some incentives, such as the voucher system in Serbia, can be attractive for individuals. Others, such as introducing tax incentives to encourage companies and individuals to invest in training, could work in some countries and territories, though they are not an option for countries and territories where tax collection systems are weak, or, as in Albania, where the International Monetary Fund has insisted on raising tax revenues.

Nevertheless, creative solutions can be found to encourage companies and individuals to participate more widely in education and training. There are likely to be donor or other funds available in all countries which could be pooled, or funds that could be redistributed to adult learning. However, the population groups and economic sectors that should be targeted by national programmes will need to be prioritised.



## **8. CONCLUSION: ISSUES AND WAYS OF TRANSFORMING ADULT LEARNING**

# 8

The main push factor that justifies giving much more importance to policy development and transforming adult learning is the impact of transition, set against a backdrop of the global knowledge economy. Transition means that the demand for new competences is widespread and not limited to certain sectors or skill levels, although there is a gradual shift to higher skills. Adult learning provision must be able to identify and address skill mismatches, shortages and deficits at all levels and of all types. It must be much more market-oriented.

Meeting the wide range of skills needed for the open market and ensuring that people are employable is a daunting challenge for countries and territories in South Eastern Europe. This is the case not least because of the broad scope of adult learning and the numbers involved, but also because participation is low, uneven and unequal. There are also gaps and weaknesses in infrastructure, severe financial limitations and less positive attitudes to learning that need to be overcome. There must be a

sustained collective effort for the foreseeable future in order to raise overall participation in adult learning. At the same time, more emphasis needs to be placed on raising participation in learning of underrepresented groups in order to ensure more equitable access to learning. Hence, there is a need for effective partnerships, both strategic and operational, and for capacity-building measures.

Given current financial circumstances and capacity it is impossible for any of the countries or territories to put into place all the proposals in this document in the short term. Building consensus and developing effective adult learning solutions takes time. Partners need to make a commitment for the long term. Moreover, the needs, priorities and opportunities of countries and territories differ considerably. Priorities will need to be set by governments in consultation with partners, and action sequenced over the short, medium and long term.

## DESIGNING ADULT LEARNING STRATEGIES

Determining priorities, beneficiaries and financial allocations needs to be based on robust evidence and analysis. These are strategic tools for identifying and understanding specific issues, proposing potential solutions and gaining consensus among the stakeholders. Much more information, analysis and research (who pays for what, labour market intelligence, educational research, skills forecasting tools, new datasets) are needed as there are major weaknesses and gaps in this field that will need to be addressed over the short and medium term.

To date, adult learning responses in the countries and territories have been uncoordinated, scattered and often driven by donors' objectives, with the result that there are many learning needs that are not being met. Much more integration, coordination and complementary actions are needed. Hence, there is a need for a comprehensive adult learning policy framework endorsed by all the relevant ministries and stakeholders. Open dialogue, consultation and consensus-building are essential.

Traditional thinking and practice prevails. Adult learning is often equated with adult education and seen as the main responsibility of ministries of education. The standard response to second-chance education has been to offer to adults the same formal school-based learning opportunities that are provided for pupils and students, with minor adjustments. Barriers to learning must be reduced and more emphasis given to incentives and rewards for learning. Much current provision is supply driven; there needs to be a major shift to the demand side to ensure that provision meets the needs of enterprises and individuals, and that it is market-oriented. There is a need for capacity-building to change attitudes, ways of working and practices.

In line with the two-tiered approach, as suggested at the beginning of this publication, we summarise below some of the key drivers that bring developments

and changes in adult learning and in people's attitudes to learning, their behaviour in participating in learning, and the funding of learning.

On the other hand, the report has highlighted a number of gaps and weaknesses in infrastructure that need to be addressed systematically as part of a rolling programme in order to transform adult learning over the next decade. The number, coverage and types of formal and non-formal learning opportunities are currently limited. It is important to develop the training market, diversify learning opportunities, methodologies and settings, and ensure quality and flexibility. Some key development areas are shown below.

The starting point is not a vacuum, because a strong adult learning tradition existed in most South Eastern European countries and territories in the past. But adult learning declined as the economic and social situation deteriorated and war dislocated normal life. Adult education providers were starved of resources and learners. Although some parts can be renewed and transformed, developing work-related adult learning needs a major new push from governments, employers (including small enterprises), trade unions and providers. The different types of skill that employers need, and trends in labour market skill needs, must inform the ongoing development of public and private training provision. Much better connections will have to be made between enterprises, the public employment service and providers. Special programmes for multi-disadvantaged people to ensure more equal access to appropriate learning will be needed. Promotional campaigns to encourage learning and to increase understanding of the importance and benefits of learning for individuals, employers and the country as a whole are important, but will need to be developed in parallel to the expansion and diversification of learning opportunities for adults and improvements in quality, responsiveness and outcomes of learning.



### ***Creating an enabling environment for adult learning***

*A unified government approach* involving all the relevant ministries to develop integrated policy, comprehensive strategies and action in adult learning, changes in governance to create a framework that empowers stakeholders and enables government to work in partnership with them, determining priorities with partners and leading on, for example, promoting adult learning, infrastructure developments, and special programmes including joint ones.

*Social partners* taking a lead on HRD, financing employee learning, embedding a culture of continuous workforce learning in-house, raising participation and providing incentives and rewards for learning, and contributing to infrastructure developments (e.g. sectoral skill needs and national qualification frameworks and standards) and continuing training provision.

*Making the connections:* Partnership working and networking across the spectrum of government–employment–learning–civil society at all levels to promote a culture of learning, raise awareness of the value of learning, increase participation in learning of all segments of the population, and develop the training market and lifelong learning infrastructure.

*Maximising public funding and cofunding of adult learning* and establishing a sound financial basis for adult learning, pump-priming developments, optimising public funding to lever in additional resources, channelling funds directly to individuals/enterprises, and providing financial incentives and rewards.

*Understanding the problems:* robust data, labour market intelligence and analysis of labour market/sectoral skill trends, anticipating future human resource needs and adult learning research (e.g. learning methodologies, potential demand for learning, working with ‘reluctant’ learners, motivation, reducing barriers).

*Capacity building* for partnerships across the board, for the social partners and other stakeholders, and for professionals providing training, counselling and guidance and research services.

*Promoting learning generally* and for specific communities, but with parallel development of the training market and quality improvements.

Steps that could be taken in the short term to build consensus and provide a basis for developing a comprehensive adult learning strategy and its subsequent implementation include:

- an agreement within government of a timetable for increased resources to be spent on education and learning, specifying the share to be allocated to adult learning;
- the establishment of a ‘learning partnership’ within government, bringing together relevant ministries and the various stakeholders with a view to considering the areas for priority action and funding in adult learning;
- the strengthening of the policy capacity of the lead ministry and other relevant ministries to develop a comprehensive strategy for adult learning in consultation with key stakeholders;
- the development of partnerships below national level (e.g. allocation of funds, definition of functions, membership, objectives);
- capacity-building for ministries, the social partners and other stakeholders to engage in effective partnerships, using international experience and donor or expert assistance.

The scarcity of resources in all South Eastern European countries warrants

***Systemic reforms to continuing, labour market and basic life skills training***

*Modernisation of vocational curricula in line with labour market trends, incorporating broader occupational, key competences and basic foundation skills, advanced vocational training, modularisation and methods of recognising and validating prior learning and experience.*

*Vocational standards and national qualification frameworks: standards to steer curricula and syllabus design and implementation, national qualification frameworks, and certification awarded by independent qualification bodies.*

*Quality assurance embedded at every stage, i.e. inputs, process and outputs: licensing, accreditation of institutions and courses, monitoring learning processes and outcomes.*

*Systematic monitoring and evaluation of strategies, action plans, programmes, courses: assessment of progress, performance and value for money against identified targets and milestones and as a steer for future action.*

*Initial and continuing professional development of directors, managers, trainers and other professionals, such as researchers and career counsellors.*

*Responsiveness to the need for enterprises and individuals to develop and adapt skills: expansion of in-company learning, practical learning workshops, learning as part of a cluster activity, training needs analysis, learner-centred methodologies, customised products, short courses, short courses and customised counselling and guidance.*

*Developing the training market: expanding and diversifying formal and non-formal training opportunities, creating a level playing field for public and private providers, and developing flexible learning modes (e-learning, open and distance learning).*

*Development of more complex programmes and parallel support services for disadvantaged segments of the population.*

concentration on a few priority actions. These could include a policy and action plan for: (i) the development of work-based/ enterprise learning as part of the business planning cycle. Initiatives might focus on training and development as part of cluster activity, further development of management training, entrepreneurship training for small businesses, or the development of special programmes to address particular skills shortages, where there is robust evidence of demand which cannot be met by employers; (ii) to improve basic literacy and occupational skills including key competences and (iii) expansion and development of training for the unemployed and inactive people seeking work. Each action plan has to detail the timescale and budget allocations, as well as outline a

number of specific but inter-related components, such as capacity building of partnerships and networks, sectoral skills analyses, research, promotion, advice and guidance, specific training and development activity, on-going monitoring of progress and outcomes, evaluation and dissemination strategy. Eventually, these initiatives would build momentum and lead to much more widespread participation in adult learning.

For special programmes for enterprises, governments may need to take the initiative and provide some finance from public funds on a short-term basis. For management training and training for small businesses, it is important to expand, in particular, non-formal learning for enterprises that can be more customised

## 8. CONCLUSION: ISSUES AND WAYS OF TRANSFORMING ADULT LEARNING

and flexible in terms of learning settings and time, methods and content and provide greater scope for peer learning. In addition, cost-effective ways to promote enterprise learning, developing the capacity of providers to offer more customised services and improving the overall quality of services will be needed. This agenda could be taken forward through enterprise networks, e.g. local enterprise learning partnerships that could connect up enterprises, local supply-chains, cluster and technology networks with intermediaries and providers, such as chambers, business advice centres, management centres, employer and trade associations, training institutions and universities.

In terms of training for the unemployed, the main issues are to increase the numbers of unemployed people who benefit and to help them back to work. This means providing sufficient funds for employment services to develop active labour market measures and related services. In addition, employment service staff, or a specialised agency working closely with them, have to

be able to assess fully the needs of unemployed people and provide appropriate counselling. These services also need to be available to those who are not registered as unemployed but are without work or who are marginally employed, and, in the longer-term, potentially to all adults who need to use such services. More mid to longer-term aims would include the modernisation of public and private adult learning providers – including vocational schools, colleges and post-secondary institutions and people's universities – so as to make them more flexible in their response to the demand for new skills. A key priority is the professional development of teachers and trainers. Private providers of learning need to be able to compete on an equal footing with public providers. Finally, it seems desirable to further develop, with employers, a system of national qualifications, as well as the systematic monitoring and evaluation of learning programmes to help ensure that they are meeting their objectives in a cost-effective manner.



## **ANNEXES**

## ANNEX 1: SWEDEN

One of the key issues facing the Swedish government was how to achieve a 'knowledge lift' of the population, and in particular how to raise the skills of people with low educational attainment levels who were underrepresented in adult learning. Sweden developed a major national programme, the Adult Education Initiative (see box below), which ran between 1997 and 2002. This was a joint initiative of the Ministries of Education and Labour, which provided substantial funds and new opportunities to enable adults who did not have an upper secondary level qualification to acquire one. Direct government support for low-qualified adult learners has continued

through block grants to local government under decentralised management since 2005. In terms of raising the participation rates of low-skilled employees, there has also been innovation in the private sector. For example Skandia, a leading company in the financial sector, experimented with a savings scheme that enabled employees to set aside savings for future learning. The framework conditions, carefully defined to provide additional incentives for poorly qualified employees, were an innovative feature of this scheme. Skandia paid preferential company contributions into their savings accounts with the result that a higher proportion of low-skilled employees set up learning accounts compared with their more qualified colleagues.

### ***Case study: The Adult Learning Initiative (1997–2002) – A response to rapid labour market change in Sweden***

*Context:* Sweden experienced a substantial economic shock in the first half of the 1990s when the economy plummeted and unforeseen mass unemployment (14%–15%) emerged, with major regional differences. The country had to adjust to sudden and rapid labour market change. Alongside the demand for people with higher technical and technological skills, there was a strong rise in demand for skilled people to work in schools, hospitals and health services and to care for the elderly; these were areas in which there were major skill shortages. All new jobs in the Swedish labour market required higher-level skills. Hence, the main policy priority adopted by Sweden was to improve the skills of the whole labour force in order to achieve a 'knowledge lift'.

*Policy objective:* Sweden's policy objective was to widen the skills base and lift people from the lower levels. Its aim was to include everyone and to avoid the emergence of a 'two-thirds society', with the remaining third left behind. Adult learning was given particular support, and non-formal and informal learning is at least as important as formal learning. The challenge was to find methods that support people and put the individual at the centre of the learning process.

*Programme aims:* The Adult Learning Initiative's aims were to reduce the unemployment rate and achieve a 'knowledge lift' through training and an allowance for living costs.

*Partners:* These were the Ministries of Finance, Education and Employment, national and local education agencies of the Ministry of Education, public employment services, education institutions and local government, employers and unions.

Sweden's Adult Learning Initiative was an extensive programme that provided economic support for full-time training to all adults needing upper secondary level training. Over five years it provided some 800,000 people with training and benefits, paid for by moving unemployment benefits into support for studies. The hard-to-reach segments of the population were actively recruited and given financial incentives. This initiative ran in parallel with other measures.

*Lessons learned:* There is a need for complementary action (e.g. information, advice and guidance, outreach activities, more flexible provision, individual education/training action plans) in addition to an adequate and even spread of provision.

## ANNEX 2: ACCREDITATION: PROCESS, INDICATORS, ACTORS AND PRINCIPLES

### Content of the accreditation process

- Efficiency and effectiveness of previous activities
- Financial situation of the training providers
- Characteristics of the teaching and administrative staff
- Development of a quality system within the organisation
- Follow-up, implementation and development procedures
- Suitability and quality of facilities, including teaching equipment and materials
- Links with employers, practical work arrangements

### Which indicators could be used to assess the providers' performances against the criteria selected?

- Concrete content of the training programmes
- Dropout rates
- Degree of training success (students qualified or employed)
- Degree of satisfaction (opinions of users, operators, final beneficiaries)
- Organisation of the quality work
- Documentation of resources, processes and results

### Which actors are involved in the selection of the criteria and indicators in the accreditation?

- Government actors at national level
- Sectoral actors
- Training institutions
- Social partners
- External actors
- Students
- Enterprises

### Quality assurance principles for programmes

- Is the course expressed in terms of learning outcomes?
- Are these related to employers' needs and expectations?
- Is the content of the course appropriate to the level of the qualification?
- How does the learning programme meet an identifiable and verifiable labour market need?
- In what way were the course's stakeholders involved in its development?
- Does the learning programme provide for a variety of learning modes, e.g. part-time, full-time or on-the-job?
- Does the learning programme offer multiple entry and exit points, for example is it modular?
- Does the learning programme provide a pathway into related courses?
- Can the learning programme be customised to fit with local environments?
- What are the arrangements to assess the competences acquired by the learners?
- What are the evaluation arrangements for the course?

A successful example for a quality assurance system is the EduQua system in Switzerland, which uses similar lists of criteria ([www.eduqua.ch](http://www.eduqua.ch)).





## ABBREVIATIONS AND ACRONYMS

CAE	Conseil d'analyse économique (Council for Economic Analysis)
ETF	European Training Foundation
EU	European Union
HRD	Human resource development
HRDF	Human Resource Development Fund
HUP	Hrvatska Udruga Poslodavaca (Croatian Employers' Association)
ICT	Information and communication technology
IEFP	Instituto do Emprego e Formação Profissional (Institute for Employment and Training), Portugal
ILA	Individual learning account
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PUMA	Program Usavršavanja Menadžera (Manager training programme)
UNDP	United Nations Development Programme
VET	Vocational education and training



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